



TREND ELECTRONICS LIMITED

ANNUAL REPORT 2012

CORPORATE INFORMATION

Board of Directors

- Vivek D. Dharm
- Bhopinder J. Chopra
- Subhash S. Nabar

Auditors

- **Khandelwal Jain & Co.**
Chartered Accountants
12-B, Baldota Bhavan,
117, Maharshi Karve Road,
Opp. Churchgate Railway
Station, Mumbai - 400 020
- **Kadam & Co.**
Chartered Accountants
"Vedant", 8/9 Viraj Estate,
Opp. Tarakpur Bus Stand,
Ahmednagar - 414 003

Company Secretary

- Kaustubha A. Sahasrabudhe

Bankers

- State Bank of Hyderabad
- Central Bank of India
- Punjab National Bank
- ING Vysya Bank Limited
- Indian Bank
- Canara Bank

Registered Office and Manufacturing Facility

20 K. M. Stone,
Aurangabad- Beed Road,
Village: Bhalgaon,
Aurangabad- 431 210
(Maharashtra)

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NOTICE

NOTICE is hereby given that the Twenty-Third Annual General Meeting of the members of **TREND ELECTRONICS LIMITED** (the "Company") will be held on Thursday, 27th June, 2013, at the Registered Office of the Company at 20 K. M. Stone, Aurangabad-Beed Road, Village: Bhalgaon, Aurangabad - 431 210 (Maharashtra) at 1.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the financial year ended on 31st December, 2012 and the Audited Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Mr. Bhopinder J. Chopra, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT M/s. Khandelwal Jain & Co., Chartered Accountants, Mumbai, (Firm Registration No. 105049W) and M/s. Kadam & Co., Chartered Accountants, Ahmednagar, (Firm Registration No. 104524W), be and are hereby appointed as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors of the Company."

By order of the Board of Directors of
TREND ELECTRONICS LIMITED

KAUSTUBHA A. SAHASRABUDHE
Company Secretary

Place : Mumbai
Date : 15th May, 2013

Registered Office :

20 K. M. Stone, Aurangabad-Beed Road,
Village: Bhalgaon, Aurangabad - 431 210 (Maharashtra)

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF SELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. Corporate Members intending to send their authorized representative(s) to attend the Meeting are requested to send a certified copy of their Board Resolution authorizing their representative(s) to attend and vote on their behalf at the Meeting.
3. In terms of the provisions of Sections 255 and 256 of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Bhopinder J. Chopra, Director, is liable to retire by rotation at the ensuing Meeting. Being eligible, he has offered himself for re-appointment. In terms of Clause 49 of the Listing Agreement entered into with the Stock Exchange, a brief profile of Mr. Bhopinder J. Chopra, Director retiring by rotation and seeking re-appointment; nature of his expertise in specific functional areas; names of other public limited companies in which he holds directorship and membership/ chairmanship of the committees of the Board of Directors; together with the number of shares held by him in the Company forms part of the Corporate Governance Report.
4. Members/ Proxies/ Representatives should bring the enclosed Attendance Slip, duly filled in, along with their copy of Annual Report to the Meeting.

5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Members holding shares in physical form in multiple folios, in identical names or joint names in the same order of names, are requested to apply for consolidation to the Company's Registrar and Share Transfer Agent, M/s. MCS Limited, alongwith the relevant share certificates for the purpose of consolidation of their shareholdings into a single folio.
7. The Register of Members and Share Transfer Books shall remain closed from Friday, 14th June, 2013 to Thursday, 27th June, 2013 (both days inclusive) for the purpose of the Meeting.
8. Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, the Company has transferred the unclaimed dividend for the financial year 2004-05 to the Investor Education and Protection Fund (IEPF) established by the Central Government. Members are requested to note that no claims shall lie against the Company or IEPF in respect of any amounts which were unclaimed and unpaid for a period of seven years from the date they first became due for payment and no payment shall be made in respect of any such claims.
9. The Company's equity shares are compulsorily traded and settled in dematerialized form. The Company has established connectivity with both the depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the enormous advantages offered by the Depository system, members are requested to avail the facility of dematerialization of the Company's shares on either of the depositories, as aforesaid.
10. The Ministry of Corporate Affairs (vide circular No.17/2011 and 18/2011 dated 21st April, 2011 and 29th, April, 2011 respectively) has undertaken a Green Initiative in Corporate Governance and allowed companies to send documents to its shareholders through an electronic mode. Members are requested to support this green initiative by registering /updating their email ID details in following manner:
 - a) If members are holding shares in demat form, register/update your email ID with the depository participant with whom you are maintaining your demat account.
 - b) If members are holding shares in physical form, register/update your email ID with us or with our Registrar and Share Transfer Agent, M/s. MCS Limited, quoting their folio number.
11. Non-Resident Indian Members are requested to inform M/s. MCS Limited, the Registrar and Share Transfer Agent of the Company, immediately of the change in their residential status on return to India for permanent settlement together with particulars of their Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank with Pincode Number, if not furnished earlier.
12. Relevant documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, between 12.00 noon to 3.00 p.m. upto the date of the Meeting.
13. Members may address their queries/communications at secretarial_trend@videoconmail.com.

By order of the Board of Directors of
TREND ELECTRONICS LIMITED

KAUSTUBHA A. SAHASRABUDHE
Company Secretary

Place : Mumbai
Date : 15th May, 2013

Registered Office:

20 K. M. Stone, Aurangabad-Beed Road,
Village: Bhalgaon, Aurangabad - 431 210 (Maharashtra)

DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the Twenty-Third Annual Report of your Company together with the Audited Accounts and Auditors' Report for the financial year ended on 31st December, 2012.

FINANCIAL RESULTS AND OPERATIONS

The performance of the Company for the financial year ended on 31st December, 2012, is summarized below:

(₹ in Million)

Particulars	Year ended 31st Dec.,2012	Year ended 31st Dec.,2011
Net Sales	14,507.73	16,576.68
Other Income	21.69	68.49
Total Income	14,529.42	16,645.17
Profit before Finance Costs, Tax and Depreciation	396.21	860.54
Finance Costs	737.97	620.63
Depreciation and Amortisation	204.87	186.48
Profit/(Loss) before Tax	(546.63)	53.43
Profit/(Loss) for the year	(415.71)	52.48

In order to offer products equipped with world class technology to its valued customers and in view of numerous opportunities available for enlargement of area of operation of the Company, the Main Objects Clause of the Memorandum of Association was altered during the year, by inserting the words Light Emission Displays (LEDs), Plasma Display Panels (PDPs), Liquid Crystal Displays (LCDs), DVDs, Set Top Boxes, Mobile Phones, Mobile Tablets, electronic gadgets.

Further, the Authorised Share Capital of the Company has been increased from ₹ 60 Crores to ₹ 125 Crores. During the year, the Company has allotted 10,000,000 8% Non-Cumulative Redeemable Preference Shares of ₹ 100/- each.

BUSINESS PERFORMANCE

The financial year under review, was a difficult period for the Company. During the year, the Indian Economy encountered a slowdown which had an impact on several businesses including the consumer electronics industry. The performance of the Company was affected due to economic slowdown, which resulted in lower business volume. Further, rigid liquidity conditions, increased interest rates, intense competition, appreciation of dollar vis-à-vis the Indian Rupee added to the problems, which impacted the bottom line. All this resulted into deferment of capital investment apart from creating a slowdown in business activity.

During the year 2012, the Company experienced a dip in the sales and severe pressure on the bottom line. The turnover of the Company stood at ₹ 14,507.73 Million as against ₹ 16,576.68 Million for the previous year. The Company has incurred a net loss of ₹ 415.71 Million as against a net profit of ₹ 52.48 Million for the previous year.

In view of the implementation of Digital Addressable System (DAS) mandate by the Government of India, which envisages the mandatory transformation of the entire television distribution system through a digital pipe by December 2014, has offered a landmark opportunity for the Company, since, your Company believes that it is the only Set-top Box manufacturer in India.

APPROPRIATIONS

Dividend:

In view of the loss incurred, the Board of Directors do not recommend any dividend for the year under review.

Transfer to Reserves:

Due to loss incurred during the year, your Directors propose not to transfer any amount to the General Reserve.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The Company has transferred a sum of ₹ 0.18 Million in respect of unpaid/unclaimed dividend for the financial year 2004-05 to the Investor Education and Protection Fund.

FIXED DEPOSIT

Your Company has not accepted any fixed deposit within the meaning of Section 58A of the Companies Act, 1956 and as such, no amount of principal or interest was outstanding as on the Balance Sheet date.

PERSONNEL

The Company does not have any employee whose particulars are required to be furnished under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time.

CONSERVATION OF ENERGY

Your Company believes that energy is vital for economic growth and social development and must therefore be conserved and used judiciously. The Company is making all efforts to conserve energy by monitoring energy costs and periodical reviews of the consumption of energy. The Company has initiated a drive for the conservation of natural resources, including the energy conservation. The aim is to reduce the consumption of energy, by improving the machine efficiency. Also, as regards to the products, the Company is coming up with a range of new models which are expected to consume less power, but, at the same time, meet the expectations of the consumer.

Some of the other measures taken during the year ended 31st December, 2012, are as under:

1. Increasing capacity of equipment by reducing its cycle time;
2. Installation of improved energy efficient machinery which has built-in cooling system and does not require additional air conditioning;
3. Provision of LED lights in place of conventional lights in factory area and replacing lamps with energy efficient bulbs for internal usage;
4. Installation of Energy Management System;
5. Usage of energy efficient star rated motors in factory;
6. Reduction of energy consumption by turning off lights, personal computers and other electronic equipments, when not in use;
7. Plantation of trees in the factory area;
8. Awareness programmes towards optimum utilization of natural resources at managerial as well as employee level; and
9. Installation of solar street lights in factory premises.

During the year, the Company has introduced, energy efficient lighting at various places, which has helped the Company to save money on the energy bills. An awareness drive was launched for the staff & workmen, to make them aware of the conservation of energy.

Further, the Company has through its "eco ideas" activities contributed to the prevention of global warming by implementing measures that help to reduce carbon dioxide emissions. The operations have been reviewed to improve energy efficiency by reducing energy, fuel and diesel consumptions in daily operations which have a direct impact on carbon dioxide emissions.

RESEARCH AND DEVELOPMENT (R & D) AND TECHNOLOGY ABSORPTION

Innovation continues to be our prime focus. Your Company recognizes that a vigorous intelligent research initiative not only reduces cost through effective process improvement but also adds value through sustained innovative and customized products in line with consumer requirements. Our R & D efforts are in line with changing consumer demands and preferences.

The Company is known for the introduction of innovative models, by using latest technologies. The Company makes continuous efforts to harness new technologies, which make the products even more innovative. These efforts are largely directed to enhance the product performance, reduction in the

material cost, reduction in the manufacturing resources, thereby making the product competitive.

The following are the areas, where the R & D activities are focused:

1. Study the consumer feedback on the product performance;
2. Study the market trends for competition;
3. Upgrade the product, based on the study & product performance;
4. Develop new products, which suit the changing tastes of the consumer; and
5. Make changes in the design to make the product more reliable.

Benefits derived from R & D Activities:

Your Company remains committed towards introducing new models and improving existing products to meet the ever-increasing demands of the consumers by fully exploring technological advancements. The efforts made by the R & D team have helped in introducing innovative energy efficient products with unique features and superior technology at competitive costs, which is likely to enlarge the market share of the Company in future.

The benefits derived are:

1. Maintenance and improvement of quality;
2. Innovations in product designs and outlook;
3. Cost reduction;
4. Optimum utilization of resources; and
5. Efficient use of technological advancements.

Further, apart from the above benefits, the Company could derive the following benefits:

1. Introduction of new models in LED and LCD TV;
2. Introduction of "Smart TV" model in LCD TV with full fledged high speed internet, Skype, Twitter, You Tube, Picasa etc;
3. Introduction of new Integrated Digital TV with single chip solution with a built in DTH facility having MPEG 4 DVB-S2 digital signal having features like Full HD (1920 x 1080P); 100% full HD reception which improves picture and sound quality etc.; and
4. Introduction of New-age LEDs – DDB TV, having ability to convert 2D channels into life like 3D quality and which will help to receive digital signals without a set-top box giving an audio-visual sense, never experienced before.

The Company has come out with a RF4CE (Radio Frequency for Consumer Electronics) technology in the Set Top Box remote control. Unlike the conventional remote control, this remote, does not need to be directed towards the Set Top Box, for its operation. The remote can be even operated from a longer distance as compared to the traditional remote control.

The Company has also introduced Set Top Box with "Recording" facility, which enables a consumer to record as much content as a subscriber wishes to & playback the recorded contents. It also allows the consumer to "Pause" Live TV & other trick play modes, such as rewind & forward.

Future Plan of action:

Your Company is committed towards bringing out new innovative products at affordable prices. The Company is looking forward to take advantage of technological upgradations and compete efficiently with the competitors.

The future plan of action includes:

1. Implementation of new technology;
2. Introducing environment friendly products; and
3. Harnessing the opportunities created out of Digital Addressable System (DAS) Regime containing cost of fund; steep taxation; which satiates the ever increasing appetite for new content.

During the year under review, the Company has incurred an amount of ₹ 5.22 Million towards R & D Activities representing 0.04 % of the turnover.

Technology Absorption:

The management believes that Information Technology can be extensively used in all spheres of its activities to improve productivity and efficiency levels. The Company has already implemented SAP (System Analysis Programming), a customized ERP (Enterprise Resource Planning) module, at its manufacturing facility.

INFORMATION TECHNOLOGY

In due recognition of the key role played by Information Technology in revolutionizing the world, your Company has re-engineered its processes by leveraging Information Technology for building, sustaining and expanding its competitive edge.

The Company has implemented latest version of SAP ERP ECC 6.0 for better operational control. SAP solution has enabled your Company to leverage the benefits of integration in business operations, optimization of enterprise resources, standardized business process, thereby enabling standard operating practices with well established controls. It has also benefited the management at all levels with business information which is available online and reliable to control the business operations in a well-informed manner. The Company has implemented a network application for facilitating the storage & retrieval of the Set Top Box pairing elements. The application developed uses state of the art Database Servers & deployed using Microsoft.Net & Java. The applications have been integrated with the on-line production management system effectively.

Your Company has designed and implemented web based Customer Relationship Management (CRM) application. It has put in place an enabled consumer interaction centre for addressing complaints and suggestions from consumers, retailers and distributors.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, the foreign exchange outgo amounted to ₹ 3,038.46 Million as against ₹ 3,564.89 Million for the year ended on 31st December, 2011. There were no foreign exchange earnings during the year and previous year ended on 31st December, 2011.

HEALTH, SAFETY AND ENVIRONMENT

Your Company believes that healthy and happy working environment is essential for every employee and to provide the same is a duty of the Company. Your Company is committed towards providing a healthy working environment in every possible way.

Your Company took various initiatives to improve compatibility of its operations with the environment. It has adopted new policies for greener surroundings and is strictly adhering to the Environment, Health and Safety norms at its manufacturing plant.

During the year 2012, following activities were conducted for building healthy work culture:

- Health/Eye check up camps;
- Blood Donation camps;
- Vaccination facility for contagious diseases;
- Free distribution of medicines; and
- Aids Awareness Programme.

The manufacturing plant is having appropriate safety initiatives underway, headed by senior officials who diligently oversee the safety aspect.

INDUSTRIAL RELATIONS

Industrial Relations remained cordial during the year under review.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

Your Company aims at managing its business processes in such a way so as to produce an overall positive impact on the society. CSR is at the core of your Company's vision and mission which is achieved by focusing on the interest of the employees, customers and shareholders of the Company and the society at large.

The Company believes pursuing a wide socio-economic objective and has always endeavored to not just live upto it, but try and exceed the expectations of the communities in which we operate.

Your Company has been making meaningful contributions to the society in different areas. The Company has chosen 3 broad areas to focus its CSR activities:

TREND ELECTRONICS LIMITED

1. Energy Conservation;
2. Environmental Protection; and
3. Community Service.

Your Company shall continue its efforts to discharge its CSR in the best possible manner.

HUMAN RESOURCE MANAGEMENT

Your Company believes that employees are vital to the Company and hence, aims to incorporate the planning and controlling of manpower resources into the corporate level plans so that all resources are used together in the best possible combination. Pay revisions and other benefits are designed in such a way, so as to compensate for good performance of the employees of the Company. The talent base of your Company has steadily increased and the Company has created a favourable work environment which encourages innovation. The Company has also put in place a scalable recruitment and human resource management process which ensures retention and development of competent employees.

Your Company considers the quality of its human resource to be the most important asset and places emphasis on training and development of employees at all levels. It ensures equal opportunities to the employees to excel in their work and advance themselves in their career depending on their abilities. It commits itself to grow hand-in-hand with its employees, encouraging and aiding them to reach their full potential and improve their standard of living.

BOARD OF DIRECTORS

Pursuant to the provisions of the Companies Act, 1956 and in terms of Articles of Association of the Company, Mr. Bhopinder J. Chopra, Director, is liable to retire by rotation and being eligible, has offered himself for re-appointment. Pursuant to the provisions of Clause 49 of the Listing Agreement, a brief profile of Mr. Bhopinder J. Chopra, who is proposed to be re-appointed, forms part of the Corporate Governance Report. The Board recommends re-appointment of Mr. Bhopinder J. Chopra as the Director of the Company.

During the year under review, Mr. Pradipkumar N. Dhoot, Mr. Anirudha V. Dhoot and Mr. Subhash S. Dayama resigned from the directorship of the Company w.e.f. 6th January, 2012. The Board would like to place on record its appreciation for the valuable guidance and services rendered by Mr. Pradipkumar N. Dhoot, Mr. Anirudha V. Dhoot and Mr. Subhash S. Dayama, during their tenure as the Directors of the Company.

CASH FLOW STATEMENT

As per the requirements of Clause 32 of the Listing Agreement with the Stock Exchange, the Cash Flow Statement as prepared in accordance with the Accounting Standard on Cash Flow Statement (AS-3) issued by the Institute of Chartered Accountants of India, is given along with the Balance Sheet and Profit and Loss Account.

AUDITORS' REPORT

The Auditors' Report is unqualified.

AUDITORS

M/s. Khandelwal Jain & Co., Chartered Accountants, Mumbai and M/s. Kadam & Co., Chartered Accountants, Ahmednagar, would retire as the Statutory Auditors of the Company at the conclusion of the Twenty-Third Annual General Meeting and have offered themselves for re-appointment. M/s. Khandelwal Jain & Co., Chartered Accountants, Mumbai and M/s. Kadam & Co., Chartered Accountants, Ahmednagar, have confirmed their eligibility and willingness to accept the office, if re-appointed. The Company has also received certificates from the said Auditors to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

The Board recommends re-appointment of M/s. Khandelwal Jain & Co., Chartered Accountants, Mumbai and M/s. Kadam & Co., Chartered Accountants, Ahmednagar, as the Statutory Auditors from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting.

COST AUDIT

As per order dated 6th November, 2012, issued by the Government of India, Ministry of Corporate Affairs, Cost Audit Branch, the Company is required to appoint a Cost Auditor for the financial year commencing from 1st January, 2013 to 31st December, 2013.

In accordance with the provisions of General Circular No. 15/2011 issued by the Government of India, Ministry of Corporate Affairs, Cost Audit Branch, the Board of Directors of the Company have accorded its approval for appointment of Mr. Sudhir C. Sant, Practising Cost Accountant, Pune, having Membership No. 7836, as the Cost Auditor of the Company, subject to the approval of the Central Government, to conduct audit of the Cost Accounts Records maintained by the Company for the financial year commencing on 1st January, 2013 and ending on 31st December, 2013.

AUDIT COMMITTEE

The Company has duly constituted the Audit Committee, pursuant to the provisions of Section 292A of the Companies Act, 1956 and provisions of the Listing Agreement. The composition, scope and powers of Audit Committee together with details of the meetings held during the year under review forms part of the Corporate Governance Report.

SUBSIDIARY COMPANIES

The Company does not have any subsidiary.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed review of performance and future prospects is included in the section "Management Discussion and Analysis Report" of the Annual Report.

CORPORATE GOVERNANCE

Good Corporate Governance is an integral part of the management and business philosophy. The Company subscribes fully to the principles and spirit of good Corporate Governance and embeds the principles of independence, integrity, accountability and transparency into the value system driving the Company. A section on Corporate Governance together with a Compliance Certificate from the Statutory Auditors of the Company, confirming compliance with the Clause 49 of the Listing Agreement, forms part of the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956, we, the directors of **TREND ELECTRONICS LIMITED**, state in respect of financial year ended 31st December, 2012 that:

- in the preparation of Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year ended on that date;
- the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the directors have prepared the Annual Accounts on a going concern basis.

ACKNOWLEDGEMENT

Your Directors wish to express their deep sense of appreciation for the committed services of all the employees of the Company. Your Directors also take this opportunity to thank all stakeholders, banks, regulatory and government authorities for their continued support.

For and on behalf of the Board of Directors of
TREND ELECTRONICS LIMITED

VIVEK D. DHARM
Director

BHOPINDER J. CHOPRA
Director

Place : Mumbai
Date : 15th May, 2013

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance has become the new corporate jargon. Corporate Governance is really a state of mind. It is embodied in the feelings and traditions of the Company. Corporate Governance today, is one of the attributes of a good corporate citizen. It is part of the management framework. Corporate Governance may be defined as a set of systems, processes and principles which ensure that a company is governed in the best interest of all the stakeholders. It is about promoting corporate fairness, transparency and accountability. In other words, good Corporate Governance is simply good business.

The Company has always been committed to the system by which the business is conducted on the principle of good Corporate Governance. The culture of good Corporate Governance is followed at all stages in conducting the business. The principles of Corporate Governance viz. integrity, equity, fairness, accountability and commitment to values are promoted continuously. The corporate structure, business and financial reporting practices have been aligned to the principles of Corporate Governance. Continuous endeavour is made to improve these practices on an ongoing basis.

Your Company has documented internal governance policies and put in place a formalized system of Corporate Governance which sets out the structure, processes and practices of governance within the Company and serves as a guide for day to day business and strategic decision making in the Company.

The Company's philosophy on the Corporate Governance is based on the following principles:

- Ensure integrity and ethics in all the dealings;
- Simple and transparent corporate structure driven solely by business needs;
- Maintain transparency with a high degree of disclosure and adequate control system;
- Compliance with all the laws and regulations as applicable to the Company; and
- Promote interest of all the stakeholders including customers, shareholders, employees, lenders, vendors, government and the community at large.

There have been continuous efforts to improve and increase the Corporate Governance measures in the recent years, which include among others improved board reporting, building a strong ethics culture with increased focus on implementation of the code of conduct, commitment to corporate sustainability, legal compliances systems, more focused internal audit, etc.

COMPLIANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT

As required under Clause 49 of the Listing Agreement with the Stock Exchange, the Corporate Governance Report forms part of the Annual Report. Your Company is in full compliance with the requirements and disclosures as stated therein. A certificate from the Statutory Auditors of the Company confirming compliance of the Corporate Governance is appended to the Report on Corporate Governance. The details of the compliances are detailed hereunder:

BOARD OF DIRECTORS

As on 31st December, 2012, the strength of the Board was three, all being Non-Executive Independent Directors. The Company has duly complied with the requirements under Clause 49(I)(A) of the Listing Agreement with the Stock Exchange as regards the composition of the Board.

During the year under review, there has been a change in the composition of the Board of Directors, pursuant to resignation of Mr. Pradipkumar N. Dhoot, Mr. Anirudha V. Dhoot and Mr. Subhash S. Dayama from the directorship of the Company.

The Board consists of eminent persons with considerable professional experience and expertise in business and industry. The Board comprised of Mr. Subhash S. Nabar, Mr. Vivek D. Dharm and Mr. Bhopinder J. Chopra as on 31st December, 2012.

Board/Committee Proceedings:

The Company has a well-defined process for the meetings of the Board of Directors and Committees thereof. The meetings of the Board of Directors are held after giving due advance notice to review and discuss the performance of the Company, its future plans, strategies and other pertinent

issues relating to the Company. It helps to facilitate decision making in an informed and efficient manner as under:

- a) The Company Secretary in consultation with the Board of Directors, finalizes the agenda of the Board and Committee Meetings, which is distributed to the Board/Committee Members well in advance. All items in the agenda are supported by notes to agenda which are also circulated well in advance. To address specific urgent need, meetings are also being called at shorter notice. The Board is also authorized to pass resolution by circulation for all such matters which are of utmost urgent nature.
- b) The Board has complete and unqualified access to all information available with the Company. The information regularly provided to the Board includes:
 - Annual Operating plans and budgets and any updates;
 - Capital budgets and any updates;
 - Quarterly/ Annual results of the Company;
 - Minutes of the meetings of Audit and other Committees of the Board and of General Body Meetings;
 - Information on recruitment of senior officers and Company Secretary, including appointment or removal of Chief Financial Officer;
 - Details of Joint Venture or collaboration agreement, if any;
 - Acquisitions/Amalgamation, if any;
 - Details of the Related Party Transactions, if any;
 - Disclosure of Interest by Directors about directorship and committee positions occupied by them in other companies;
 - Sale of material nature, if any, of investments and assets, which is not in the normal course of business;
 - Material important litigations, show cause, demand and penalty notices, if any;
 - Compliance Reports;
 - Significant developments in the human resources & industrial relations;
 - Fatal accidents and other dangerous occurrences;
 - Review details regarding foreign exchange exposure and steps implemented to manage them;
 - Transaction that involves substantial payment towards goodwill, brand equity or intellectual property; and
 - Other materially relevant information.
- c) Minutes of the proceedings of the Board/Committee meetings/ General Body Meetings are recorded. Draft minutes are circulated amongst all members for their comments. The minutes of the proceedings of the meetings are entered in the Minutes Book.
- d) The guidelines for the Board/Committee meetings facilitate an effective post meeting follow-up, review and reporting process for the actions taken on decisions of the Board and Committees.
- e) The Board periodically reviews the compliance reports to ensure adherence to all applicable provisions of law, rules and guidelines as may be applicable to the Company and takes steps to rectify non-compliances, if any.
- f) The Company has laid down code of conduct which binds all the board members and senior management of the Company. A declaration by the Head Operations and Company Secretary to this effect is appended to this Report.

Board Meetings and Attendance:

The Board of Directors of the Company met 13 (Thirteen) times on 06.01.2012, 11.02.2012, 28.02.2012, 26.03.2012, 17.04.2012, 28.04.2012, 15.05.2012, 05.06.2012, 12.06.2012, 03.07.2012, 14.08.2012, 09.11.2012 and 04.12.2012. The gap between any two board meetings was not more than four months.

Details of number of Board meetings attended by the Directors, attendance at the last Annual General Meeting, number of other directorships/committee positions held by them during the financial year ended on 31st December, 2012, are as hereunder:

TREND ELECTRONICS LIMITED

Directors	No. of Board Meetings Attended	Attendance At the last AGM (held on 29.06.2012)	Other Directorships ³			
			Directorships ¹	Company Chairmanships	Number of Committee Memberships in Other Companies ²	
					As Chairman	As Member
Mr. Pradipkumar N. Dhoot (upto 06.01.2012)	0	No	14	-	-	5
Mr. Anirudha V. Dhoot (upto 06.01.2012)	0	No	13	-	3	1
Mr. Subhash S. Dayama (upto 06.01.2012)	0	No	14	-	4	4
Mr. Vivek D. Dharm	12	Yes	9	-	1	1
Mr. Subhash S. Nabar	8	No	2	-	-	-
Mr. Bhopinder J. Chopra	8	Yes	2	-	-	1

Notes:

- Number of Directorships held by Directors excludes Alternate Directorships, Directorships in Foreign Companies, Companies incorporated under Section 25 of Companies Act, 1956 and Private Limited Companies.
- Membership/Chairmanship of only the Audit Committee and Shareholders'/ Investors' Grievance Committee of Public Limited Companies have been considered in terms of Clause 49 of the Listing Agreement.
- Other Directorship(s), Company Chairmanship(s), Committee Chairmanship(s) and Committee Membership(s) of Mr. Pradipkumar N. Dhoot, Mr. Anirudha V. Dhoot and Mr. Subhash S. Dayama is/are based on the disclosure submitted at the beginning of the year under review. As regards other directors, it is as on 31st December, 2012.

Brief Profile of Director seeking re-appointment:

The brief profile of Director retiring by rotation and seeking re-appointment as required pursuant to Clause 49 of the Listing Agreement with the Stock Exchange as on the date of this Report, is as under:

Mr. Bhopinder J. Chopra, Independent Director, born on 13th November, 1934, is a Bachelor of Science and has done Post Graduate Diploma in Electrical Communication Engineering. He has a vast experience in the field of manufacturing, marketing and finance. He was appointed as a Director of the Company on 8th December, 2005. Presently, he is on the board of M/s. Videocon Display Limited and M/s. Silver Crest Electronics Limited. He is not holding any equity shares in the Company. He doesn't hold any committee chairmanship. However, he is a member of Audit Committee of M/s. Videocon Display Limited.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board has constituted the following four committees:

Mandatory Committees:

- Audit Committee
- Shareholders'/Investors' Grievance Committee

Non-mandatory Committees:

- Remuneration Committee
- Finance and General Affairs Committee

AUDIT COMMITTEE

In terms of the provisions of Section 292A of the Companies Act, 1956, read with Clause 49 of the Listing Agreement, it is mandatory for the Company to constitute an Audit Committee. During the financial year ended on 31st December, 2012, the Audit Committee of the Board of Directors comprised of three independent directors. All the Independent Directors are financially literate and are having vast experience in the fields of finance, accounts and industry. The composition as on 31st December, 2012, was as under:

Name	Designation	Category
Mr. Vivek D. Dharm	Chairman	Independent
Mr. Subhash S. Nabar	Member	Independent
Mr. Bhopinder J. Chopra	Member	Independent

During the year under review, Mr. Anirudha V. Dhoot resigned from the Board of Directors of the Company w.e.f. 6th January, 2012. Consequent to his resignation, he ceased to be a member of the Audit Committee. Mr. Subhash S. Nabar was co-opted as a member of the Audit Committee in place of Mr. Anirudha V. Dhoot w.e.f. 6th January, 2012.

The Company Secretary of the Company acts as a Secretary to the Committee.

The terms of reference of the Audit Committee are in accordance with all the items listed in Clause 49 (II) (D) and (E) of the Listing Agreement.

Terms of reference and scope of the Audit Committee:

The following are the terms of reference and scope of the Audit Committee:

- Overall assessment of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

- Recommending to the Board, the appointment/ re-appointment and if required replacement/ removal of statutory auditors, cost auditor, fixation of audit fee and also approval of payment for any other services rendered by the auditors;
- Reviewing with the management, the performance of statutory and internal auditors and the adequacy of internal control systems;
- Review of quarterly financial results before submission to the Board;
- Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:-
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries based on exercise of judgment by management;
 - Observations and qualifications, if any, in draft audit report;
 - Significant adjustments in the financial statements, if any, arising out of audit findings;
 - Compliance with the accounting standards;
 - Compliance with the listing and other legal requirements concerning financial statements; and
 - Any related party transactions i.e., transactions of the Company of material nature, with the promoters or the management or their relatives, with the subsidiary company etc., that may have potential conflict with the interests of Company at large.
- Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.) the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
- Reviewing with the management, performance of statutory and internal auditors and adequacy of the internal control system;
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors on any significant findings and follow up there on;
- Reviewing the findings, if any, of internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with statutory auditors before the audit commences regarding the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

- l) Reviewing the Company's financial and risk management policies;
- m) Looking into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- n) Approval of appointment of CFO (i.e. Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background etc. of the candidate;
- o) Reviewing the functioning of Whistle Blower Mechanism; and
- p) Carrying out any other function as mentioned in the terms of reference of the Audit Committee.

The Audit Committee also reviews:

- i. Management discussion and analysis of financial conditions and results of operations;
- ii. Statement of significant related party transactions, if any;
- iii. Management Letters/Letters of internal control weaknesses issued by the Statutory Auditors;
- iv. Internal audit reports relating to internal control weaknesses, if any; and
- v. Appointment, removal and terms of remuneration of the Chief Internal Auditor, if any.

The Audit Committee is also vested with the following powers:

- a) To investigate any activity within its terms of reference;
- b) To seek any information from any employee;
- c) To obtain external legal and professional advice; and
- d) To secure attendance of outsiders with relevant expertise, if the Committee considers necessary.

Meetings and Attendance:

During the financial year under consideration, 4 (Four) meetings of the Committee were held on 28.02.2012, 15.05.2012, 14.08.2012 and 09.11.2012.

The details of the meetings of Audit Committee attended by the members are as under:-

Name	Meetings Attended
Mr. Vivek D. Dharm	4
Mr. Bhopinder J. Chopra	3
Mr. Subhash S. Nabar	2

The Statutory Auditors and the Head of Internal Audit attended and participated in the meetings on invitation.

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The composition of the Shareholders'/Investors' Grievance Committee of the Board of Directors as on 31st December, 2012, was as under:

Name	Designation	Category
Mr. Vivek D. Dharm	Chairman	Independent
Mr. Subhash S. Nabar	Member	Independent
Mr. Bhopinder J. Chopra	Member	Independent

During the financial year under review, the Shareholders'/Investors' Grievance Committee was reconstituted. Mr. Bhopinder J. Chopra and Mr. Subhash S. Nabar were co-opted as the members in place of Mr. Pradipkumar N. Dhoot and Mr. Subhash S. Dayama, who resigned from the Directorship of the Company, with effect from 6th January, 2012.

Compliance Officer:

After the date of Balance sheet, Mrs. Kanchan Kakade resigned as a Company Secretary of the Company and Mr. Kaustubha A. Sahasrabudhe was appointed as a Company Secretary w.e.f 30th April, 2013.

The Company Secretary, is the Compliance Officer of the Company.

Terms of reference and scope of the Committee:

The Board has delegated the power of Share Transfer to the Registrar and Share Transfer Agent, who processes the transfers. The Committee monitors redressal of Shareholders' and Investors' complaints and also administers the following activities:

- a) Transfer/Transmission/Transposition of shares;
- b) Issue of Duplicate Share Certificates;
- c) Change of Status of holding;
- d) Change of Name;

- e) Issue and Allotment of Shares;
- f) Sub-division of Shares;
- g) Consolidation of Folios;
- h) Dematerialization/Rematerialization of shares;
- i) Review of shares dematerialized;
- j) Monitoring compliance of the code of conduct prescribed by SEBI for prevention of insider trading; and
- k) Redressal of investor grievances.

Particulars of investors' grievances received and redressed during the financial year ended on 31st December, 2012, form part of this report.

Meetings and Attendance:

During the financial year under consideration, 4 (Four) meetings of the Shareholders'/Investors' Grievance Committee were held on 27.02.2012, 14.05.2012, 13.08.2012 and 08.11.2012.

The details of the attendance by the members are as under:

Name	Meetings Attended
Mr. Vivek D. Dharm	3
Mr. Subhash S. Nabar	3
Mr. Bhopinder J. Chopra	2

Share Transfer Details:

The details of shares transferred during the year under review are given below:

Sr. No.	Particulars	Equity
1.	Number of Transfers	39
2.	Average No. of Transfers per month	3.25
3.	Number of Shares Transferred	2,800

Demat/Remat of Shares:

Details of Shares Dematerialized/Rematerialized during the year under review are given below:

Sr. No.	Particulars	Equity
1.	Number of Demat Requests approved	138
2.	Number of Sub-committee Meetings held	49
3.	Number of Shares Dematerialised	13,575
4.	Percentage of Shares Dematerialised	0.18
5.	Number of Rematerialisation requests approved	0
6.	Number of Shares Rematerialised	0

Details of complaints received and redressed during the year ended on 31st December, 2012:

Sr. No.	Particulars	Received	Redressed	Pending as on 31.12.2012
1.	Non-receipt of refund order	0	0	0
2.	Non-receipt of dividend/ interest/ redemption warrants	19	19	0
3.	Non-receipt of share certificates	7	6	1
4.	Others	11	11	0
	Total	37	36	1

Note: Representatives of the Company are in constant touch with M/s. MCS Limited, Registrar and Share Transfer Agent of the Company and they periodically review the outstanding complaints.

REMUNERATION COMMITTEE

The Remuneration Committee of the Board of Directors comprised of three Independent Directors. The composition as on 31st December, 2012, was as under:

Name	Designation	Category
Mr. Bhopinder J. Chopra	Chairman	Independent
Mr. Subhash S. Nabar	Member	Independent
Mr. Vivek D. Dharm	Member	Independent

TREND ELECTRONICS LIMITED

During the year under review, the Remuneration Committee was reconstituted and Mr. Vivek D. Dharm was co-opted as the member in place of Mr. Subhash S. Dayama, who resigned as a Director of the Company, with effect from 6th January, 2012.

Terms of reference and scope of the Committee:

The following matters are referred to the Remuneration Committee:

- Fixing and reviewing the remuneration of the Chief Executives and other senior officers of the Company;
- Recommending the remuneration including the perquisite package of key management personnel;
- Determining the remuneration policy of the Company;
- Recommending the retirement benefit plans of the Company;
- Reviewing the performance of employees against specific key result areas; and
- Attending any other responsibility as may be entrusted by the Board.

Meetings and Attendance:

During the financial year under consideration, one meeting was held on 30th January, 2012.

The details of the meeting of Remuneration Committee attended by the members are as under:-

Name	Meeting attended
Mr. Bhopinder J. Chopra	0
Mr. Subhash S. Nabar	1
Mr. Vivek D. Dharm	1

Directors' Remuneration:

The non-executive and independent directors are paid only sitting fees for participating in the Board and various Committee meetings.

Details of payment towards sitting fees to independent directors during the financial year ended on 31st December, 2012, are as under:

Name	Sitting fees paid (`)
Mr. Vivek D. Dharm	42,000
Mr. Subhash S. Nabar	29,000
Mr. Bhopinder J. Chopra	28,000
TOTAL	99,000

Stock Options:

The Company has not issued any stock options during the financial year ended on 31st December, 2012.

FINANCE AND GENERAL AFFAIRS COMMITTEE

During the year, the Board of Directors of the Company have constituted a Standing Committee titled as "Finance and General Affairs Committee" at its meeting held on 3rd July, 2012.

The composition of the Finance and General Affairs Committee of the Board of Directors as on 31st December, 2012, was as under:

Name	Designation	Category
Mr. Vivek D. Dharm	Chairman	Independent
Mr. Subhash S. Nabar	Member	Independent
Mr. Bhopinder J. Chopra	Member	Independent

The Company Secretary is the de-facto Secretary of the Committee.

Meetings and attendance:

During the financial year under consideration, 5 (Five) meetings of the Finance and General Affairs Committee were held on 03.08.2012, 12.09.2012, 23.10.2012, 05.11.2012 and 27.11.2012.

The details of the attendance by the members are as under:-

Name	Meetings Attended
Mr. Vivek D. Dharm	4
Mr. Subhash S. Nabar	3
Mr. Bhopinder J. Chopra	3

Terms of reference and scope of Finance and General Affairs Committee:

The Committee is entrusted with various powers from time to time, which shall aid in speedy implementation of various projects, activities and transactions whether routine or non-routine in nature.

GENERAL BODY MEETINGS

Date, time and location where the last three Annual General Meetings (AGMs) were held are as under:

AGM	AGM Date	Location	Time	No. of Special Resolution Passed
20th	30.03.2010	20 K.M. Stone, Aurangabad - Beed Road, Village: Bhargaon, Aurangabad – 431 210 (Maharashtra)	4.00 p.m.	NIL
21st	29.06.2011	20 K.M. Stone, Aurangabad - Beed Road, Village: Bhargaon, Aurangabad – 431 210 (Maharashtra)	4.00 p.m.	NIL
22nd	29.06.2012	20 K.M. Stone, Aurangabad - Beed Road, Village: Bhargaon, Aurangabad – 431 210 (Maharashtra)	4.00 p.m.	NIL

POSTAL BALLOT

During the year under review, seven resolutions were passed through Postal Ballot, particulars of which are set out hereunder:

Resolution No.	Particulars of the resolution passed	Section of the Companies Act, 1956, under which the resolution was passed	Nature of Resolution
1.	Alteration of the Main Object Clause No. III A 1. of the Memorandum of Association of the Company by inserting the words Light Emission Displays (LEDs), Plasma Display Panels (PDPs), Liquid Crystal Displays (LCDs), DVDs, Set Top Boxes, Mobile Phones, Mobile Tablets, electronic gadgets.	17	Special
2.	Amendment to the Articles of Association of the Company by substituting the existing set of regulations No. 1 to 187 (both inclusive) with new set of regulations No. 1 to 199 (both inclusive), in the manner provided in the Resolution.	31	Special
3.	Increase in the Authorized Share Capital of the Company from ` 60 Cr. to ` 125 Cr. divided into 250 Lakhs Equity Shares of ` 10/- each and 1 Cr. Redeemable Preference Shares of ` 100/- each aggregating to ` 125 Cr. and consequent alteration to Clause V of the Memorandum of Association of the Company.	94	Ordinary
4.	Authorization to the Board of Directors of the Company, to issue, offer & allot Equity Shares and/or other equity linked financial instrument, for an amount not exceeding ` 250 Crores, inclusive of premium, at an appropriate time, in one or more tranches, to such persons or entities, whether or not such investors are members of the Company, in the manner provided in the Resolution.	81(1A)	Special

5.	Authorization to the Board of Directors of the Company to make investments, extend guarantee, provide security, make inter-corporate loans upto an amount not exceeding ` 30,000 Crores.	372A	Special
6.	Authorization to the Board of Directors of the Company to borrow money/moneys upto an amount not exceeding ` 30,000 Crores.	293(1)(d)	Ordinary
7.	Authorization to the Board of Directors of the Company to sell, lease, mortgage, or otherwise dispose off the whole or substantially the whole of undertaking of a Company upto an amount not exceeding ` 30,000 Crores.	293(1)(a)	Ordinary

The Board had appointed Mr. Sharad B. Palod, Advocate, as Scrutinizer for conducting the postal ballot process in a fair and transparent manner.

Notice of the Postal Ballot, together with Explanatory Statement in terms of the provisions of Section 173(2) of the Companies Act, 1956, Postal Ballot Form (PBF) and self-addressed envelope, postage paid by the Company, were dispatched to all the shareholders of the Company and all other persons entitled to receive the same.

The procedure followed by Company for conducting the postal ballot was as per Section 192A of the Companies Act, 1956 and rules made thereunder, namely Companies (Passing of the Resolution by Postal Ballot) Rules, 2011.

The results of the postal ballot were announced and the resolutions were declared as passed on 30th May, 2012.

The voting pattern for the same is given herein below:

Sr. No.	1	2	3	4	5	6	7	8	9	10	11	12
	Particulars	Total no. of valid PBF received	Total no. of shares	% of shares to total equity	Total no. of PBF in favour	Total no. of votes casted in favour of the resolution	% of shares to total no. of shares in respect of which PBF received	Total No. of PBF against	Total no. of votes casted against the resolution	% of shares to total no. of valid shares	Abstained from voting & short voting	No. of shares
1	Alteration of the Main Object Clause No. III A 1. of the Memorandum of Association of the Company by inserting the words Light Emission Displays (LEDs), Plasma Display Panels (PDPs), Liquid Crystal Displays (LCDs), DVDs, Set Top Boxes, Mobile Phones, Mobile Tablets, electronic gadgets.	44	4,069,340	54.26	40	4,051,555	99.56	3	17,760	0.44	1	25
2	Amendment to the Articles of Association of the Company by substituting the existing set of regulations No. 1 to 187 (both inclusive) with new set of regulations No. 1 to 199 (both inclusive), in the manner provided in the Resolution.	44	4,069,340	54.26	40	4,051,555	99.56	3	17,760	0.44	1	25
3	Increase in the Authorized Share Capital of the Company from ` 60 Crores to ` 125 Crores divided into 250 Lakhs Equity Shares of ` 10/- each and 1 Crore Redeemable Preference Shares of ` 100/- each aggregating to ` 125 Crores and consequent alteration to Clause V of the Memorandum of Association of the Company.	44	4,069,340	54.26	40	4,051,555	99.56	3	17,760	0.44	1	25
4	Authorization to the Board of Directors of the Company, to issue, offer & allot Equity Shares and/or other equity linked financial instrument, for an amount not exceeding ` 250 Crores, inclusive of premium, at an appropriate time, in one or more tranches, to such persons or entities, whether or not such investor are members of the Company, in the manner provided in the Resolution.	44	4,069,340	54.26	41	4,051,580	99.56	3	17,760	0.44	0	0
5	Authorization to the Board of Directors of the Company to make investments, extend guarantee, provide security, make inter-corporate loans upto an amount not exceeding ` 30,000 Crores.	44	4,069,340	54.26	41	4,051,580	99.56	3	17,760	0.44	0	0
6	Authorization to the Board of Directors of the Company to borrow money/moneys upto an amount not exceeding ` 30,000 Crores.	44	4,069,340	54.26	40	4,051,555	99.56	3	17,760	0.44	1	25
7	Authorization to the Board of Directors of the Company to sell, lease, mortgage, or otherwise dispose off the whole or substantially the whole of undertaking of a Company upto an amount not exceeding ` 30,000 Crores.	44	4,069,340	54.26	39	4,051,530	99.56	4	17,785	0.44	1	25

4 PBF representing 250 equity shares were rejected / invalid cases.

None of the businesses are proposed to be transacted at the ensuing AGM which requires passing of a special resolution through postal ballot.

DISCLOSURES

a) Materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.	There are no transactions, which may have potential conflicts with the interests of Company at large. Transactions with related parties are disclosed in Note No. 31 of the "Notes forming part of Financial Statement" in the Annual Report.
b) Non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.	NIL
c) Whistle Blower Policy and affirmation that no personnel have been denied access to the Audit Committee.	The Company has implemented Whistle Blower Policy and no personnel have been denied access to the Audit Committee.
d) Details of Compliance with mandatory requirements and adoption of the non mandatory requirements of this clause.	<p>The Company has complied with mandatory requirements and adopted the following non-mandatory requirements:</p> <p>i. The Company has constituted a "Remuneration Committee", details of which are captured in the section Board Committees of this Report.</p> <p>ii. Constitution of Standing Committee under nomenclature "Finance and General Affairs Committee", details of which are captured in the section Board Committees of this Report.</p> <p>iii. The Company has adopted Whistle Blower Policy.</p>

MEANS OF COMMUNICATION

The Company regularly intimates its un-audited as well as audited financial results, including quarterly results, to the Stock Exchange in compliance with the Listing Agreement. These financial results are published in The Financial Express (English) and Loksatta (Marathi) newspapers having wide circulation. The results are posted on the Company's website www.trendelectronics.in. The official news releases and the presentations made, if any, from time to time to investors and financial analysts at investors' meets are also displayed on the Company's website. The results are not distributed/sent individually to the shareholders.

The Company regularly uploads various reports, notifications and returns required to be submitted as per the Listing Agreement on the BSE Listing website named listing.bseindia.com, as per the guidelines issued by BSE Limited.

In terms of the requirements of Clause 52 of the Listing Agreement with the Stock Exchange, the un-audited financial results as well as audited financial results are electronically submitted, unless there are technical difficulties and are displayed through Corporate Filing and Dissemination System viz. www.corpfiling.co.in

Management Discussion and Analysis Report forms part of the Annual Report.

GENERAL INFORMATION FOR SHAREHOLDERS**Annual General Meeting:**

Day & Date : Thursday, 27th June, 2013

Time : 1.00 p.m.

Venue : 20 K.M. Stone, Aurangabad - Beed Road,
Village: Bhargaon, District: Aurangabad - 431 210
(Maharashtra)

Financial Calendar for 2013:

Particulars	Date
Accounting Period	1st January, 2013 – 31st December, 2013
Unaudited financial results	Announcement within 45 days from the end of each quarter or such time limit as may be prescribed by SEBI and Stock Exchange from time to time.
First Quarter Results	On or before 15th May, 2013
Second Quarter Results	On or before 14th August, 2013
Third Quarter Results	On or before 14th November, 2013
Fourth Quarter & Audited Financial Results	On or before 1st March, 2014
Annual General Meeting for year ending 31st December, 2013	On or before 30th June, 2014

Book Closure:

The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 14th June, 2013 to Thursday, 27th June, 2013 (both days inclusive).

Dividend Payment Date:

In view of the loss incurred, the Board of Directors of the Company do not recommend any dividend for the year under review.

Listing on Stock Exchange:

The Equity shares of your Company are listed on:

Sr. No.	Name and address of the Stock Exchange	Stock Code
1.	BSE Limited (Formerly: Bombay Stock Exchange Limited) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Web: www.bseindia.com	517228

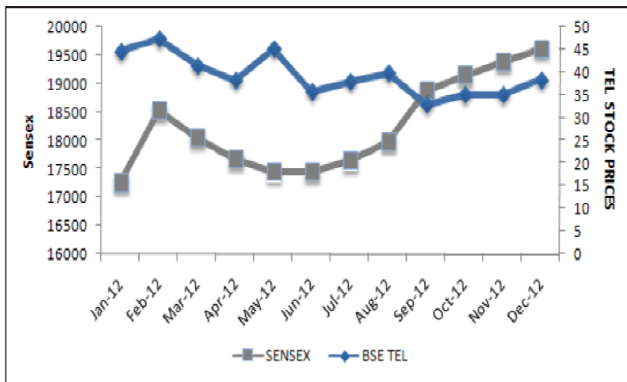
The Company has paid Listing Fees for the year 2013-14 to the Stock Exchange and the Custodial Fees for the year 2013-14 to National Securities Depository Limited and Central Depository Services (India) Limited.

In terms of the requirements of Clause 7(d) of the SEBI (Delisting of Equity Shares) Regulations, 2009, the Company hereby declares that the equity shares of the Company have been delisted from Ahmedabad Stock Exchange Limited, The Delhi Stock Exchange Association Limited, Bangalore Stock Exchange Limited, Pune Stock Exchange Limited, The Calcutta Stock Exchange Limited, Madras Stock Exchange Limited and Vadodara Stock Exchange Limited, upon the receipt of the confirmations from the aforesaid stock exchanges.

Market Price Data:

Monthly High and Low prices at BSE Limited during the year ended on 31st December, 2012, are as under:

Month	BSE	
	High Price `	Low Price `
January, 2012	44.70	30.90
February, 2012	47.35	36.00
March, 2012	41.65	30.30
April, 2012	38.25	33.00
May, 2012	45.30	28.75
June, 2012	35.95	27.60
July, 2012	37.95	31.05
August, 2012	39.90	27.70
September, 2012	33.00	27.60
October, 2012	35.30	29.00
November, 2012	35.10	28.15
December, 2012	38.50	32.00

**Registrar and Share Transfer Agent:**

M/s. MCS Limited
Kashiram Jamnadas Building,
Office No. 21/22, Ground Floor,
5, P. D'Mello Road, (Ghadiyal Godi)
Masjid (East), Mumbai - 400 009.
Tel: (022) 23726253/55
Fax: (022) 23726252

Share Transfer System:

Entire share transfer activities are carried out by M/s. MCS Limited, Registrar and Share Transfer Agent of the Company. Applications for transfer of shares held in physical form are received at the office of the Registrar and Share Transfer Agent of the Company. Share transfers are approved by Sub-Committee of the Board and all valid transfers are processed within 15 days from the date of receipt.

The Company has pursuant to Clause 47(c) of the Listing Agreement with Stock Exchange, submitted within the stipulated time, certificate on half yearly basis confirming due compliance of share transfer formalities by the Company from a Practicing Company Secretary.

Distribution of Shareholding:

a) Shareholding pattern as on 31st December, 2012, is as under:

Category Code	Category of Shareholder	Number of Shareholders	Total Number of Shares	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group			
(1)	Indian	10	3,679,105	49.05
(2)	Foreign	-	-	-
	Sub – Total (A)	10	3,679,105	49.05
(B)	Public Shareholding			
(1)	Institutions	10	371,475	4.95
(2)	Non- Institutions			
	Bodies Corporate	189	532,212	7.10
	Individuals	17,460	2,758,729	36.79
(3)	Others	857	158,479	2.11
	Sub – Total (B)	18,516	3,820,895	50.95
	TOTAL (A) + (B)	18,526	7,500,000	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued			
(1)	Promoter and Promoter Group	-	-	-
(2)	Public	-	-	-
	Sub-Total (C)	-	-	-
	GRAND TOTAL (A)+(B)+(C)	18,526	7,500,000	100.00

b) Distribution of Shareholding as on 31st December, 2012, is as given below:

Shareholding of Nominal Value	Number of Shareholders	% to the Total Shareholders	No. of Shares	Amount (in `)	% to the Total Value of Share Capital
Up to 5,000	18,048	97.42	1,464,506	14,645,060	19.53
5001 to 10000	211	1.14	168,981	1,689,810	2.25
10001 to 20000	129	0.70	193,893	1,938,930	2.59
20001 to 30000	44	0.24	110,948	1,109,480	1.48
30001 to 40000	18	0.10	65,661	656,610	0.88
40001 to 50000	15	0.08	70,036	700,360	0.93
50001 to 100000	23	0.12	162,632	1,626,320	2.17
100001 and above	38	0.21	5,263,343	52,633,430	70.18
Total	18,526	100.00	7,500,000	75,000,000	100.00

Dematerialization of Shares and liquidity:

The Securities and Exchange Board of India (SEBI), through a notification has made it mandatory that any delivery in the Company's shares against stock exchange trades shall be in demat form. As on 31st December, 2012, 6,481,423 equity shares (representing 86.42% of the total number of shares) have been dematerialized.

TREND ELECTRONICS LIMITED

Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, Conversion Date and likely impact on equity:

The Company has not issued any instruments which warrant conversion. As on 31st December, 2012, there is no outstanding instrument which warrants conversion.

Plant location:

20 K.M. Stone, Aurangabad - Beed Road,
Village: Bhalgaon, District: Aurangabad - 431 210
(Maharashtra)

Address for Correspondence:

20 K.M. Stone, Aurangabad - Beed Road,
Village: Bhalgaon, District: Aurangabad - 431 210
(Maharashtra)

Tel : +91-240-2644509/10/12

Fax : +91-240-2644506

E-mail id: secretarial_trend@videoconmail.com

The correspondence address for shareholders in respect of their queries is:
MCS Limited

Kashiram Jamnadas Building,
Office No. 21/22, Ground Floor,
5, P. D'Mello Road (Ghadiyal Godi),
Masjid (East),
Mumbai - 400 009.

Tel: 022 23726253/55

Fax: 022 23726252

Corporate Governance Voluntary Guidelines, 2009:

The management has also undertaken due initiatives to adopt the provisions of the Corporate Governance Voluntary Guidelines 2009, in its overall governance framework as applicable in case of the Company.

COMPLIANCE CERTIFICATE OF THE AUDITORS:

A certificate from the statutory auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this Report.

DECLARATION

The Board has laid down a code of conduct for all Board Members and Senior Management of the Company which is posted on the website of the Company. The Board Members and Senior Management have affirmed compliance with the code of conduct.

For TREND ELECTRONICS LIMITED

HEAD OPERATIONS

COMPANY SECRETARY

Place : Mumbai
Date : 15th May, 2013

CEO/CFO CERTIFICATION

To,
The Board of Directors,
TREND ELECTRONICS LIMITED

We, Head Operations and Chief Financial Officer of the Company certify to the Board that:

- a) We have reviewed the Financial Statement and the Cash Flow Statement for the financial year ended on 31st December, 2012 and to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept the responsibility for establishing and maintaining internal controls for financial reporting, evaluate the effectiveness, disclosing the deficiencies in the design or operation of internal controls, if any, to the Auditors and Audit Committee and take steps or propose to take steps to rectify these deficiencies.
- d) We have indicated, wherever applicable, to the Auditors and the Audit Committee:
 - i. Significant changes in Internal Control over financial reporting during the year;
 - ii. Significant changes in Accounting Policies, the same have been disclosed in the notes to the financial statement; and
 - iii. Instances of significant fraud of which we have become aware.

For TREND ELECTRONICS LIMITED

HEAD OPERATIONS

CHIEF FINANCIAL OFFICER

Place: Mumbai
Date : 15th May, 2013

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
TREND ELECTRONICS LIMITED

We have examined the compliance of conditions of Corporate Governance by Trend Electronics Limited (the "Company"), for the year ended 31st December, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with, in all material respect, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with Stock Exchange.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For KHANDELWAL JAIN & CO.,
Chartered Accountants
(Firm Registration No. 105049W)

For KADAM & CO.,
Chartered Accountants
(Firm Registration No. 104524W)

SHIVRATAN AGARWAL
Partner
Membership No. 104180

U. S. KADAM
Partner
Membership No. 31055

Place : Mumbai
Date : 15th May, 2013

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report is prepared in adherence to the spirit enunciated in the Code of Corporate Governance, approved by the Securities and Exchange Board of India and in compliance with the provisions of the Listing Agreement.

The Management presents herein the Industry Structure, Opportunities and Threats in the Consumer Electronics Industry and the Company's Outlook for the future.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The Indian consumer electronics industry has experienced rapid changes over the last few years. Convergence of information, communication and entertainment along with changes in life-style, higher disposable income and greater affordability has boosted the consumer electronics industry to a large extent. The consumer preference has shifted towards products and devices that come with smart technology, innovative designs and aesthetic looks.

The consumer electronics and durables market in India is divided into three segments namely - white goods, brown goods and consumer electronics. Air Conditioners, refrigerators, washing machines and other domestic appliances fall in the category of white goods, while microwaves, chimneys, fans, irons, juicers, mixers and grinders fall in the category of brown goods. Television sets, audio and video players, personal computers, laptops, cell phones, digital cameras, camcorders and other electronic accessories fall in the category of consumer electronics.

Demand for consumer electronics and durables is driven by a young demographic population, coupled with rising disposable incomes, amid skilled and highly educated workforce. Besides, low penetration levels, easy availability of finance options, growing prominence of consumer electronics retail stores, online retail industry and a robust 400 Million plus Indian middle class with a comprehensive rise in level of affluence is also fuelling the demand in this industry.

It is expected that every village in India will be connected by an all weather road and will have internet connectivity and almost all homes will have electricity connection and possess a mobile phone. The industry thus, expects the rural market to reach an inflexion point which could lead to explosion in demand. The future, thus, appears quite encouraging.

Your Company primarily focuses on manufacturing of Televisions, Flat Panel Display, DVDs and Set Top Boxes.

Televisions:

The television today is giving entertainment a new meaning from being just a pure entertainment device; television has become more interactive than ever before.

Introduction of High Definition ("HD") channels is the revolutionary step in increasing demand for Television Sector. There has been a significant increase in demand for satellite bandwidth, with the introduction of HD channels, DTH expansion and introduction of new channels. These developments increase the options available to consumers who are prepared to pay more for content in the medium to long term. With increasing sales of affordable HD televisions, consumers may be prepared to pay a premium for better viewing experiences on these television sets. It is expected that HD penetration will increase in the future. Consumer preference is increasing for HD TV with better image quality, high & clear audio output and better colour resolution.

HD TV provides powerful viewing experience with crystal clear picture quality, wide screen picture and digital surround sound. HD TV can provide real difference in the programs having fast and random moving objects such as sports events, live concerts, music videos etc. The use of HD TV in international sports events is increasing day by day and mega sports events are being covered in HD TV. The field of Cinema is also using HD format to store movies in digital form. HD TV is fast gaining popularity.

Indian television industry has been under transition over the past few years as flat panel displays continue to erode the dominance of conventional Cathode Ray Tube ("CRT") TVs. The biggest challenge for this segment is the decline in prices of flat panel TVs alongwith continuous technological advancements in the category. This coupled with ever-increasing consumer awareness in the country, is halting the CRT parade. Today, the CRT TV era

has passed with the arrival of LCD and LED TVs with the steady decrease in prices coupled with better handling, thinner and lighter than CRT of similar display size with lesser floor area to cover. Now-a-days, the sleek, energy efficient LCD and LED TVs have been at the top of the wish list for many consumers around the world. Today's consumer prefers HD TV with better image quality, high & clear audio output and better colour resolution.

LCDs and LEDs TVs have made significant space in contributing to the overall market size of televisions. They are preferred over CRT because they consume 50-65% less power as well as give better picture quality. They consume less space and can be wall mounted. LCD screens are very compact screens and light in weight. LCDs are used in a wide range of applications including computer monitors, televisions, instrument panels etc. LEDs have excellent viewing angle and are very light in weight. Smart functions are now coming with LCD and LED TVs which makes CRT on back-foot compared to LCD and LED ones.

Another latest technology in demand is the Smart TV. A Smart TV offers a number of *internet-connected services* that conventional televisions do not offer. It offers applications, media streaming, web browsing, games and perhaps most important, Internet Protocol Television (IPTV). It also enables viewers to record their favourite TV programs conveniently with just a single click on the remote control.

Your Company is launching many new technologies like LED TVs, 3D TVs, DTH LED TVs, net connected TVs with many attractive designs and aesthetics to delight Indian consumers with wide range of products. New-age televisions have various eye catching features like:

- Nano-pix technology, which provides optimum brightness to colours;
- 3D active shutter technology, which separates images for left and right eyes; and
- Bluetooth-enabled models and energy meters, which act as a visual indicator to prompt the user about energy consumption.

Health TV is another platform which has been introduced in LCD and LED TV models to take care of consumer's health.

DVDs:

DVD player market in India continues to decline in the year 2012. Rapid growth and popularity of the Direct-to-Home (DTH) sector is impacting the DVD player market.

With the digitization process on course and India poised to have 100 Million active digital TV subscribers in the next couple of years, viewers will have access to IPTV, HDTV, digital video recording (DVR), HD gaming, video-on-demand, music, radio and time-shift TV. This may adversely affect the sales of DVD players as consumers will have their favourite movies and music available at the click of a button from their remote.

Set Top Boxes:

Set Top Box (STB) market in India, which has been largely driven by Direct-to-Home (DTH) services, is all set to witness significant growth in consumption as digitization proceeds further for in India. It is expected to ship 67.2 Million units by 2017, at a CAGR of 28.5% from 2012-2017. At present, DTH subscribers are the major customers of STBs in India, however with the government directives to digitize entire pay TV network including cable TV, the market for STBs is expected to gain significant momentum.

The Ministry of Information and Broadcasting has notified a four-phase digitization process for cable television in India with the sunset date for India becoming completely digitized by 31st December, 2014. The implementation of this process will be carried out in following four phases-

Sr. No.	Particulars	Area Covered	Due date
1.	Phase I	Delhi, Mumbai, Kolkata and Chennai	31st October, 2012
2.	Phase II	All cities with a population of more than one Million	31st March, 2013
3.	Phase III	All urban areas	30th September, 2014
4.	Phase IV	Rest of India	31st December, 2014

TREND ELECTRONICS LIMITED

As a result, the cable television industry in India will be transitioned to the Digital Addressable System (DAS) for television distribution and all cable operators will be legally bound to transmit only digital signals. This is a key growth opportunity for the Company as a significant portion of current analog cable television subscribers will switch to DTH services.

The DTH industry is expected to grow faster and stronger in the areas where DAS has been notified by the Government because of brand equity, execution strength, understanding of the consumer behavior, well established sales and distribution outlets, value proposition to the consumer and above all best quality service at the door steps of the customers. To tap the nerve of increasing growth opportunities, the Company is focusing towards strategic planning.

Your Company is very much engaged in developing and manufacturing STBs in-house for its group company as well as for other DTH operators.

The penetration in DTH is happening at a much faster rate than expected under continued investment by the DTH players and increase in the affordability on account of rise in disposable income. The Company is looking ahead to grab the opportunity for expansion of business of manufacturing of set top boxes and establish its presence in foreign markets as well.

OPPORTUNITIES AND THREATS

Opportunities

The Indian economy is emerging as one of the biggest market for consumer durable goods, though there was a visible slowdown in some of the aspects of the industrial growth.

However, the sales of the Set Top Boxes have not been affected by the apparent slowdown. With the Government of India mandating the Digital Addressable System & Conditional Access system, the Set Top Box industry is again poised for an even bigger growth. Thus, the penetration of the DTH is happening at much faster rate than, it was perceived.

The next phase of the growth would include the HD content & thus the penetration of the HD Boxes, for the emerging consumer segment.

The Company is well prepared for the next phase. The Company has introduced 3 new models on the HD platform, to suit the varying consumer tastes.

The key growth drivers for the Indian consumer durables industry:

- 1. Availability of newer variants of a product:** Consumers are spoilt for choice when it comes to choosing products. Newer variants of a product help a company in getting the attention of consumers who look for innovation in products.
- 2. Rise in disposable income:** The demand for consumer electronics has been rising with the increase in disposable income coupled with more and more consumers falling under the double income families.
- 3. Product pricing:** The consumer durables industry is highly price sensitive, making price the determining factor in increasing volumes, at least for lower range consumers. For middle and upper range consumers, it is the brand name, technology and product features that are important.
- 4. Availability of financing schemes:** Apart from steady growth in income of consumers, consumer financing has become a major driver in the consumer durables industry. In the case of more expensive consumer goods, retailers are marketing their goods more aggressively by providing easy financing options to the consumers by partnering with banks. The easy-availability of consumer financing is beneficial mainly for the lower and middle income group, especially when the cost of capital and flexibility of the scheme is in their favour.
- 5. Low penetration levels:** In India, the penetration level of consumer durables is lower than in other developing countries. Low penetration levels offer a huge market opportunity for the industry.
- 6. Existing Potential in Rural Markets:** Growth is coming in a big way from the smaller towns and rural markets and is expected to be the next growth opportunity for the consumer durables market. The demand for the products from tier- II & tier-III cities and from rural area is increasing.
- 7. Increasing share of Organized Retail:** There has been an incremental shift towards organized retail (brands) from the unorganized (unbranded)

products. With the rising income, the new generation prefers branded products as compared to unbranded products. According to estimates, organized retail is expected to grow over 10% by 2013.

The changing dynamics of consumer behavior indicate that luxury goods are now being perceived as necessities with higher disposable incomes being spent on lifestyle products. In response to the aforesaid opportunities, your Company has expanded its scope to a multi-product portfolio, resulting in enhanced possibility to occupy a larger shelf space. It has prudently invested its resources to drive its innovation and promote its products.

Threats:

Some of the threats faced by the Company, despite of emerging opportunities are:

- 1. Stiff competition** perceived from existing multinational players that have established themselves strongly in this industry. With stiff competition, the consumer durables industry faces a persistent pressure on margins due to its inability to pass on input costs to consumers;
- 2. Increased interest rates** are a cause of concern. Rigid liquidity conditions lead to increased interest rates. Hence, the Company's future profitability may come under pressure;
- 3. Continuous increase in raw material cost, commodity prices** etc. add to the cost of the product, which at many times cannot be passed on to the end consumer. This results in increased pressure on margins;
- 4. Economic slowdown** leading to declining GDP growth is also another factor which could affect demand very much;
- 5. Wide volatility in foreign currency** against Indian currency affects the profitability margin;
- 6. Seasonal Demand** is one of the main threats to the Company. Fluctuations in the consumer demand according to seasonal changes affects directly to the net sale of the Company; and
- 7. With changes in various techniques of production** the existing technology becomes obsolete and to keep up with the advancement in the technology is a difficult task.

OUTLOOK

The Company has plans to market new products, based on the new technologies that are innovative. These include the Set Top Boxes with internet via an IP network and Digital Living Network Alliance compliant "Smart Box" TVs. The Smart Box shall have an option of FM Radio which would consume much lesser power. A host of new products have been planned on the latest Android Platform.

Increase in the TV Channels, increase in consumer base and changing lifestyles, penetration of the TV market in the rural areas is expected to have a good growth in the future. Your Company will explore manufacturing of other consumer electronic product and will focus on manufacturing of various models of LCD and LED TVs in addition to the current range of CRT & LCD TV in the forthcoming year, which will make your Company more competitive.

Your Company has started manufacturing the Set-Top Boxes since last few years. However, the demand for the same is expected to grow in the coming years in view of digitization announced by the Government of India. The Ministry of Information and Broadcasting has notified a four-phase digitization process for cable television in India with a sunset date of 31st December, 2014. As a result, the cable television industry in India will be transitioned to the Digital Addressable System for television distribution and all cable operators will be legally bound to transmit only digital signals. This is a key growth opportunity for us since the Company believes that it is the only Set-Top Box manufacturer in India.

RISKS AND CONCERNS

Risk refers to events which hinder the achievement of business objectives and the occurrence of which is uncertain. Managing business risk is an integral part of generating substantial and sustainable shareholder value. These risks can adversely impact the operating performance, cash flows, financial performance, management performance and overall sustainability. The Indian consumer durable industry remains stable in terms of the growth but is facing stiff competition on account of entries of new players.

The risks that may affect our business include, but are not limited to:

- Economic conditions;
- Inflationary pressures and other factors affecting demand for our products;
- Increasing costs of raw material, transport and storage;
- Competitive market conditions and new entrants to the market;
- Exchange rate fluctuation;
- Technological obsolescence;
- Compliance and regulatory pressures including changes to tax laws; and
- Seasonal fluctuations.

The management is aware of the risks and has been taking efforts continuously to minimize the same. The Company has laid down procedures to inform Board members about risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management is controlling risks through properly defined framework.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The management continuously reviews the internal control systems and procedures leading to orderly and efficient conduct of its business. The Company always adheres to the prescribed guidelines with respect to all the transactions to ensure that all its assets are safeguarded properly and protected against losses and from unauthorized use or disposition and that transactions are authorized, recorded and reported correctly.

Internal audit is conducted throughout the year to monitor and report on the effectiveness of the internal controls in the organization. The plan and the internal audit reports are shared with the Statutory Auditors. The Company has put in place a Risk assessment and mitigation policy for process across all its business operations, which is periodically reviewed by the management.

Significant findings of the internal audit are brought to the notice of the Audit Committee and corrective measures are recommended for implementation. Reports of the internal auditors are also continuously reviewed by the management and corrective actions are initiated to strengthen the controls and enhance the effectiveness of the existing systems.

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. The Company's Internal Audit function objectively and independently tests the design, adequacy and operating effectiveness of the internal control system to provide a credible assurance to the Board and the Audit Committee regarding the adequacy and effectiveness of the internal control system. The function also reviews and reports on adherence to operating guidelines and statutory requirements, recommends improvements for monitoring and strengthening economy and efficiency of operations and ensuring reliability of financial and operational information.

SEGMENT-WISE PERFORMANCE

The Company is primarily engaged in manufacturing of electrical and electronics appliances and there is no other reportable segment as defined in Accounting Standard 17 on "Segment Reporting."

FINANCIAL PERFORMANCE

Income:

Sales

During the year under review, the Company recorded a turnover of ` 15,043.80 Million as against ` 17,139.17 Million for the year ended on 31st December, 2011.

Other Income

Other Income for the year was ` 21.69 Million as against ` 68.49 Million for previous year ended on 31st December, 2011. Other income comprises of dividend income, profit on sale of fixed assets and other Non-Operating Income.

Expenditure:

Cost of Goods Consumed/Sold

During the year, the Cost of Goods Consumed/Sold stood at ` 13,578.26 Million as against ` 15,275.35 Million for the previous year ended on 31st December, 2011.

Employee Benefits Expense

During the year under review, the Employee Benefits Expense were ` 144.05 Million as against ` 139.45 Million for the previous year ended on 31st December, 2011.

Other Expenses

During the year under review, the Other Expenses were ` 410.90 Million as against ` 369.83 Million for the previous year ended on 31st December, 2011.

Finance Costs

Finance Costs were to the tune of ` 737.97 Million as against ` 620.63 Million for the previous year ended on 31st December, 2011.

Depreciation and Amortisation

During the year under review, Depreciation and Amortisation amounted to ` 204.87 Million as against ` 186.48 Million for the previous year ended on 31st December, 2011.

Net Profit /Loss

Net Loss of the Company for the current year amounted to ` 415.71 Million as against Net Profit of ` 52.48 Million for the previous year ended on 31st December, 2011.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCE / INDUSTRIAL RELATIONS INCLUDING NUMBER OF PEOPLE EMPLOYED

Human capital is considered to be the most valuable resource, since people deliver results. People are nurtured, developed, motivated and rewarded to ensure business growth. We ensure that we attract right competency, develop them continuously and keep our people motivated through implementation of various HR processes. Several initiatives are taken to facilitate the performance and developmental requirements of employees.

The Company's HR Department takes a proactive role in responding to genuine grievances of employees to foster a warm positive relationship between the management and employees, increase job satisfaction and ensure that employees can add value to their lives. The HR team is fully backed and guided by a professional management team and work closely to ensure that the Company's vision is perpetuated down the line to meet the Company's targeted results and goals.

The Company will continue to strengthen employer-employee relationship by providing a conducive working environment and offering a competitive compensation package. Imparting adequate HR training programmes and specialized trainings to the employees of the Company is an ongoing exercise. The Company is also planning to implement various employee benefit plans to support the family of employee in case of emergency. The individual growth of an employee is also a concern of the Company along with the growth of the Company.

The total staff strength of the Company for the year ended 31st December, 2012, was around 500.

CAUTIONARY STATEMENT

Statements made in this report describing the Company's objectives, production, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. These statements are based on certain assumptions and expectation of future events. The actual results might differ substantially or materially from those expressed or implied due to the influence of external and internal factors beyond the control of the Company. Further, the discussion herein reflects the perceptions on major issues as on date and the opinions expressed herein are subject to change without notice. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events or otherwise.

AUDITORS' REPORT

To

The Members of

TREND ELECTRONICS LIMITED

1. We have audited the attached Balance Sheet of **TREND ELECTRONICS LIMITED** ("the Company"), as at 31st December, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks as considered appropriate and according to the information and explanations given to us during the course of the audit, we give in the Annexure hereto a statement on the matters specified in Paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by the report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors of the Company as on 31st December, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st December, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 2012;
 - (ii) In the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
 - (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For KHANDELWAL JAIN & CO.
Chartered Accountants
(Firm Registration No. 105049W)

SHIVRATAN AGARWAL
Partner
Membership No.: 104180

Place : Mumbai

Date : 28th February, 2013

For KADAM & CO.
Chartered Accountants
(Firm Registration No. 104524W)

U. S. KADAM
Partner
Membership No.: 31055

ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in paragraph 3 of the Auditors' Report of even date to the Members of **TREND ELECTRONICS LIMITED** ("the Company") on the financial statements for the year ended 31st December, 2012.

- (i)
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets.
 - (b) As per the information and explanations given to us, physical verification of fixed assets has been carried out in terms of the phased programme of verification adopted by the Company and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable, having regard to the size of the Company and nature of its business.
- (ii)
 - (a) During the year the Company has not disposed off any substantial part of fixed assets.
 - (a) As per the information and explanation given to us, the inventories have been physically verified during the year by the management. In our opinion, having regard to the nature and location of stocks, the frequency of the physical verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory. As per information and explanation given to us, the discrepancies noticed on physical verification of stocks were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
- (iii)
 - (a) As per the information and explanation given to us, the Company has not granted or taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - (b) As the Company has not granted or taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, Sub-clauses (b), (c), (d), (f) and (g) of Clause (iii) of paragraph 4 of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control systems.
- (v)
 - (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lacs, in respect of any party during the year, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

- (vi) The Company has not accepted any deposits from the public within the meaning of the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed thereunder.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
- (viii) The Central Government has prescribed maintenance of the cost records under section 209(1)(d) of the Companies Act, 1956 in respect of the Company's products. We have broadly reviewed the books of accounts and records maintained by the Company in this connection and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and the records examined by us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, the Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and other statutory dues wherever applicable. According to the information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st December, 2012 for a period of more than six months from the date they became payable.
- (b) According to the records of the Company examined by us and information and explanations given to us, the particulars of dues of Sales tax, Income tax, Custom duty, Wealth tax, Service tax, Excise duty, Cess which have not been deposited on account of any dispute, are given below:

Name of the Statute	Nature of the Dues	Amount (` in Million)	Forum where dispute is pending
1. Customs Act, 1962	Custom Duty (Including Penalty)	3.31	Asst. Commissioner
		4.03	CESTAT
		0.75	Commissioner
2. Central Excise Act, 1944	Excise Duty (Including Penalty)	3.97	CESTAT
		0.29	High Court
3. Finance Act, 1994 (Service Tax Provisions)	Service Tax	0.16	Asst. Commissioner
		6.95	Commissioner
		0.93	Dy. Commissioner
4. Sales Tax Act of various States	Sales Tax	0.21	Addl. Commissioner
		54.71	Joint Commissioner
		33.45	Dy. Commissioner
		0.28	Asst. Commissioner

- (x) There are accumulated losses of ` 44.64 Million as on 31st December, 2012, which are not more than fifty percent of its net worth. The Company has incurred cash losses during the financial year covered by our audit but there was no cash loss incurred during immediately preceding financial year.
- (xi) Based on our audit procedures and the information and explanations given to us, we observed that, the Company has defaulted in repayment of dues to banks. The delays have been summarized below indicating the principal amount, interest amount and period.

Particulars	Principal (` in Million)	Interest (` in Million)	Delay in Days – Range
Amount paid before the year end	-	184.81	3 to 71 days
Amount outstanding as at 31st December, 2012 and paid	-	-	-
Total	-	184.81	

- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a Chit fund Company or nidhi/mutual benefit fund/society. Therefore, the Clause (xiii) of paragraph 4 of the Order is not applicable to the Company.
- (xiv) The Company has maintained proper records of transactions and contracts in respect of dealing and trading in shares, securities, debentures and other investment and that timely entries have generally been made therein. All shares, debentures and other securities have been held by the Company in its own name except to the extent to the exemption granted under section 49 of the Companies Act, 1956.
- (xv) According to the information and explanations given to us, the terms and conditions of guarantees given by the Company for loans taken by others from banks or financial institutions are, prima facie, not prejudicial to the interest of the Company.
- (xvi) According to the information and explanations given to us, the term loans raised were applied, on an overall basis, for the purpose for which the loans were obtained.
- (xvii) According to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, we report that, the Company has not used funds raised on short term basis for long term investments.
- (xviii) The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by way of public issues during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For KHANDELWAL JAIN & CO.
Chartered Accountants
(Firm Registration No. 105049W)

SHIVRATAN AGARWAL
Partner
Membership No.: 104180

Place : Mumbai
Date : 28th February, 2013

For KADAM & CO.
Chartered Accountants
(Firm Registration No. 104524W)

U. S. KADAM
Partner
Membership No.: 31055

BALANCE SHEET AS AT 31ST DECEMBER, 2012

(` in Million)

Particulars	Note No.	As at 31st Dec., 2012	As at 31st Dec., 2011
I. EQUITY AND LIABILITIES			
1) Shareholders' Funds			
a) Share Capital	2	1,075.00	75.00
b) Reserves and Surplus	3	602.21	1,017.92
		<u>1,677.21</u>	<u>1,092.92</u>
2) Share Application Money pending allotment		-	1,000.00
3) Non-Current Liabilities			
a) Long Term Borrowings	4	3,135.42	4,153.96
b) Deferred Tax Liability (Net)	5	91.70	230.36
c) Long Term Provisions	6	9.43	9.14
		<u>3,236.55</u>	<u>4,393.46</u>
4) Current Liabilities			
a) Short Term Borrowings	7	3,325.40	2,003.39
b) Trade Payables	8	1,878.77	2,316.91
c) Other Current Liabilities	9	582.85	194.58
d) Short Term Provisions	10	30.79	25.87
		<u>5,817.81</u>	<u>4,540.75</u>
TOTAL		<u><u>10,731.57</u></u>	<u><u>11,027.13</u></u>
II. ASSETS			
1) Non-Current Assets			
a) Fixed Assets			
i) Tangible Assets	11	2,481.75	2,441.01
ii) Intangible Assets	11	0.08	0.12
iii) Capital work-in-progress	11	-	292.73
b) Non-Current Investments	12	337.04	837.28
c) Long Term Loans and Advances	13	30.17	40.79
		<u>2,849.04</u>	<u>3,611.93</u>
2) Current Assets			
a) Inventories	14	3,856.60	3,048.92
b) Trade Receivables	15	2,882.81	2,879.85
c) Cash and Bank Balances	16	323.21	313.92
d) Short Term Loans and Advances	17	795.48	1,157.07
e) Other Current Assets	18	24.43	15.44
		<u>7,882.53</u>	<u>7,415.20</u>
TOTAL		<u><u>10,731.57</u></u>	<u><u>11,027.13</u></u>
Notes forming part of the Financial Statements	1 to 39		

As per our report of even date

For KHANDELWAL JAIN & CO.
Chartered AccountantsSHIVRATAN AGARWAL
Partner
Membership No. 104180

Place : Mumbai

Date : 28th February, 2013

For KADAM & CO.
Chartered AccountantsU. S. KADAM
Partner
Membership No. 31055

For and on behalf of the Board

VIVEK D. DHARM
DirectorBHOPINDER J. CHOPRA
DirectorKANCHAN A. KAKADE
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST DECEMBER, 2012

(` in Million)

Particulars	Note No.	Year ended on 31st Dec., 2012	Year ended on 31st Dec., 2011
I. INCOME			
Revenue from Operations	19	15,043.80	17,139.17
Less: Excise Duty		536.07	562.49
Net Revenue from Operations		14,507.73	16,576.68
Other Income	20	21.69	68.49
Total Revenue		14,529.42	16,645.17
II. EXPENSES			
Cost of Materials Consumed	21	6,060.24	7,470.36
Purchase of Stock-in-Trade	22	7,750.78	7,967.27
Changes in Inventories of Finished Goods, Work-in-Process and Stock-in-Trade	23	(232.76)	(162.28)
Employee Benefits Expense	24	144.05	139.45
Finance Costs	25	737.97	620.63
Depreciation and Amortisation	11	204.87	186.48
Other Expenses	26	410.90	369.83
Total Expenses		15,076.05	16,591.74
III. PROFIT/(LOSS) BEFORE TAX		(546.63)	53.43
IV. TAX EXPENSES			
Current Tax		-	(10.20)
MAT Credit Entitlement		-	10.13
Deferred Tax		138.66	(17.51)
Excess/(Short) Provision of Income Tax for earlier years		(7.74)	16.63
V. PROFIT/(LOSS) FOR THE YEAR		(415.71)	52.48
VI. EARNINGS PER EQUITY SHARE OF FACE VALUE ` 10/- EACH			
Basic and Diluted	27	(55.43)	7.00
Notes forming part of the Financial Statements	1 to 39		

As per our report of even date

For KHANDELWAL JAIN & CO.
Chartered Accountants

SHIVRATAN AGARWAL
Partner
Membership No. 104180

Place : Mumbai
Date : 28th February, 2013

For KADAM & CO.
Chartered Accountants

U. S. KADAM
Partner
Membership No. 31055

For and on behalf of the Board

VIVEK D. DHARM
Director

BHOPINDER J. CHOPRA
Director

KANCHAN A. KAKADE
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST DECEMBER, 2012

(₹ in Million)

Particulars	Year ended on 31st Dec., 2012	Year ended on 31st Dec., 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before Tax	(546.63)	53.43
Adjustments for:		
Depreciation and Amortisation	204.87	186.48
Finance Costs	765.75	678.49
Provision for Warranty and Maintenance Expenses	8.05	1.00
Provision for Gratuity	0.76	(0.53)
Provision for Leave Encashment	0.99	(0.11)
Diminution in Value of Investments	0.24	0.47
Interest Received	(27.78)	(57.86)
Dividend Received	(1.55)	(3.11)
Profit on Sale of Fixed Assets	(19.93)	(65.14)
Operating Profit before Working Capital Changes	384.77	793.12
Adjustments for:		
Inventories	(807.68)	(301.59)
Trade Receivables	(2.96)	(180.14)
Loans and Advances	362.38	208.06
Other Current Assets	(8.99)	(5.53)
Trade Payables	(438.14)	410.00
Other Current Liabilities	(15.73)	21.87
Cash generated from/(used in) Operations	(526.35)	945.79
Less: Taxes Paid/(Refund)-net	2.50	15.94
Net Cash (used in)/from Operating Activities	(A) (528.85)	929.85
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	83.26	244.81
Purchase of Fixed Assets (Including Capital Work-in-Progress)	(16.17)	(1,373.51)
Interest Received	27.78	57.86
(Increase)/Decrease in Fixed Deposits and Other Bank Balances	(12.45)	9.45
Dividend Received	1.55	3.11
(Increase)/Decrease in Investments (Net)	500.00	(499.99)
Net Cash from/(used in) Investing Activities	(B) 583.97	(1,558.27)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Preference Share Application Money	-	1,000.00
Increase/(Decrease) in Long Term Borrowings	(614.33)	69.85
Increase in Short Term Borrowings	1,322.01	248.60
Finance Costs	(765.75)	(678.49)
Payment of Dividend	(0.21)	(7.29)
Tax on Dividend	-	(1.25)
Net Cash (used in)/from Financing Activities	(C) (58.28)	631.42
Net Change in Cash and Cash Equivalents	(A+B+C) (3.16)	3.00
Cash and Cash Equivalents at beginning of the year	7.62	4.62
Cash and Cash Equivalents at end of the year	4.46	7.62
Other Bank Balances	318.75	306.30
Cash and Bank Balances at the end of the year (Note No. 16)	323.21	313.92

As per our report of even date

For KHANDELWAL JAIN & CO.
Chartered Accountants

SHIVRATAN AGARWAL
Partner
Membership No. 104180

Place : Mumbai
Date : 28th February, 2013

For KADAM & CO.
Chartered Accountants

U. S. KADAM
Partner
Membership No. 31055

For and on behalf of the Board

VIVEK D. DHARM
Director

BHOPINDER J. CHOPRA
Director

KANCHAN A. KAKADE
Company Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

A) Basis of Accounting

a) The financial statements are prepared under the historical cost convention using the accrual system of accounting in accordance with the accounting principles generally accepted in India (Indian GAAP) and the requirements of the Companies Act, 1956, including the mandatory Accounting Standards as prescribed by the Companies (Accounting Standard) Rules, 2006.

b) Use of Estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Example of such estimates include provisions for doubtful debts, employee retirement benefits plans, provision for income tax, provision for warranty cost and the useful lives of fixed assets. The difference between the actual results and estimates are recognised in the period in which the results are known and materialised.

B) Fixed Assets/Capital Work-in-Progress

a) Fixed Assets are stated at cost, less accumulated depreciation/amortisation and impairment loss, if any. The cost is inclusive of freight, installation cost, duties, taxes, financing cost and other incidental expenses related to the acquisition and installation of the respective assets but does not include tax/duty credits availed.

b) Capital Work-in-Progress is carried at cost, comprising of direct cost, attributable interest and related incidental expenditure.

C) Depreciation

Depreciation on plant and machinery of Harmatic Division is provided on Written Down Value (WDV) method at the rates specified in the Schedule XIV to the Companies Act, 1956, except for moulds and certain items of plant and machinery which are depreciated @ 20% as against 15.62% specified for the WDV method in the said Schedule. Depreciation on plant and machinery other than those stated above and other fixed assets is provided on Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956.

Intangible Assets are amortised over a period of five years.

D) Impairment of Assets

The Fixed Assets or a group of assets (cash generating units) are reviewed for impairment at each Balance Sheet date. In case of any such indication, the recoverable amount of these assets or group of assets is determined, and if such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the impairment loss is recognised by writing down such assets to their recoverable amount. An impairment loss is reversed if there is change in the recoverable amount and such loss either no longer exists or has decreased.

E) Investments

Quoted Investments are stated at cost or market value whichever is lower. Unquoted Investments are stated at cost. The decline in the value of the Unquoted Investments, other than temporary, is provided for. Cost is inclusive of brokerage, fees and duties but excludes Securities Transaction Tax.

F) Inventories

Inventories are valued at cost or net realisable value whichever is lower. Cost of inventories comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

G) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an qualifying assets are capitalised as part of the cost of that assets. Other borrowing costs are recognised as an expense in the period in which they are incurred.

H) Excise and Customs Duty

Excise Duty in respect of finished goods lying in the factory premises and Customs Duty on goods lying in customs bonded warehouse are provided for and included in the valuation of inventory.

I) CENVAT/Value Added Tax

CENVAT/Value Added Tax benefit is accounted for by reducing the purchase cost of the materials/fixed assets/services.

J) Revenue Recognition

a) Revenue is recognised on transfer of significant risk and reward in respect of ownership.

b) Sales/Turnover for the year includes sales value of goods, excise duty, duty drawback and other recoveries such as insurance, transportation and packing charges but excludes sales tax, value added tax and recovery of finance and discounting charges.

c) Insurance, Duty Drawback and other claims are accounted for as and when admitted by the appropriate authorities.

d) Dividend on investments is recognised when the right to receive is established.

K) Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transactions. Foreign Currency Monetary Assets and Liabilities are translated at the year end rate. The difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of Monetary Items at the end of the year is recognised, as the case may be, as income or expense for the year.

L) Employee Benefits

a) Short Term Employees Benefits

Short Term Employees Benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related services are rendered.

b) Post Employment Benefits

i) Provident Fund - Defined Contribution Plan

The Company contributes monthly at a determined rate. These contributions are remitted to the Employees' Provident Fund Organisation, India for this purpose and is charged to Statement of Profit and Loss on accrual basis.

ii) Gratuity - Defined Benefit Plan

The Company provides for gratuity to all the eligible employees. The benefit is in the form of lump sum payments to vested employees on retirement, on death while in employment, or termination of employment for an amount equivalent to 15 days

TREND ELECTRONICS LIMITED

salary payable for each completed year of service. Vesting occurs on completion of five years of service. Liability in respect of gratuity is determined using the projected unit credit method with actuarial valuations as on the Balance Sheet date and gains/losses are recognized immediately in the Statement of Profit and Loss.

iii) **Leave Encashment**

Liability in respect of leave encashment is determined using the projected unit credit method with actuarial valuations as on the Balance Sheet date and gains/losses are recognized immediately in the Statement of Profit and Loss.

M) Taxation

Income tax comprises of current tax and deferred tax. Provision for current income tax is made on the assessable income/benefits at the rate applicable to the relevant assessment year. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences, subject to the consideration of prudence. Deferred tax assets and liabilities are measured using the tax rates enacted or substantively enacted by the Balance Sheet date. The carrying amount of deferred tax asset/liability are reviewed at each Balance Sheet date and recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

Minimum Alternate Tax (MAT) paid on the book profits, which give rise to future economic benefits in the form of tax credit against future income-tax liability, is recognised as an asset in the Balance Sheet if there is convincing evidence that the Company will pay normal tax within the period specified for utilisation of such credit.

N) Research and Development

Revenue Expenditure pertaining to Research and Development is charged to revenue under the respective heads of account in the year in which it is incurred. Capital expenditure, if any, on Research and Development is shown as an addition to Fixed Assets, under the respective heads.

O) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources in respect of which reliable estimates can be made.

Contingent Liabilities are not recognised but are disclosed in the Notes. Disputed demands in respect of Central Excise, Custom duty, Income tax, Sales tax and Other are disclosed as contingent liabilities. Payment in respect of such demands, if any, is shown as an advance, till the final outcome of the matter.

Contingent assets are not recognised in the financial statements.

P) Warranty

Provision for the estimated liability in respect of warranty on sale of consumer electronics and home appliances products is made in the year in which the revenues are recognised, based on technical evaluation and past experience.

Q) Prior period items

Prior period items are included in the respective heads of accounts and material items are disclosed by way of Notes to Financial Statements.

R) Other Accounting Policies

These are consistent with the generally accepted accounting principles.

2. SHARE CAPITAL

Authorised:

25,000,000 (Previous year 10,000,000) Equity Shares of ₹ 10/- each
10,000,000 (Previous year 5,000,000) Redeemable Preference Shares of ₹ 100/- each

Issued, Subscribed and Paid-up:

7,500,000 (Previous year 7,500,000) Equity Shares of ₹ 10/- each fully paid-up.
10,000,000 (Previous year Nil) 8% Non-Cumulative Redeemable Preference Shares of ₹ 100/- each fully paid-up.
(The Preference Shares are redeemable at par in 4 equal yearly installments after expiry of 5 years from the date of allotment i.e. 4th December, 2012)

	As at 31st Dec., 2012	As at 31st Dec., 2011
	250.00	100.00
	1,000.00	500.00
Total	1,250.00	600.00
	75.00	75.00
	1,000.00	-
Total	1,075.00	75.00

2.1 Reconciliation of the Number of Shares:

	As at 31st Dec., 2012		As at 31st Dec., 2011	
	No. of Shares	₹ in Million	No. of Shares	₹ in Million
Equity Shares of ₹ 10/- each				
Outstanding at the beginning of the year	7,500,000	75.00	7,500,000	75.00
Issued during the year	-	-	-	-
Outstanding at the end of the year	7,500,000	75.00	7,500,000	75.00
8% Non-Cumulative Redeemable Preference Shares of ₹ 100/- each				
Outstanding at the beginning of the year	-	-	-	-
Issued during the year	10,000,000	1,000.00	-	-
Redeemed during the year	-	-	-	-
Outstanding at the end of the year	10,000,000	1,000.00	-	-

2.2 Rights, preference and restrictions:

- a) The Company has only one class of equity shares having par value of ₹ 10/- per Share. Each holder of Equity Shares is entitled to equal right of voting and dividend.

- b) In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.
- c) The Preference shares do not have voting rights. They have preference over equity shareholder as to dividend and in case of liquidation.

2.3 Details of Shareholders holding more than 5% Shares:

Name of Shareholders	As at 31st Dec., 2012		As at 31st Dec., 2011	
	No. of Shares	% of Holding	No. of Shares	% of Holding
a) Equity Shares				
Dome-Bell Electronics India Private Limited	1,250,100	16.67	1,250,100	16.67
Videocon Industries Limited	1,408,800	18.78	1,408,800	18.78
Waluj Components Private Limited	710,730	9.48	710,730	9.48
b) Preference Shares				
Videocon Industries Limited	10,000,000	100.00	-	-

(' in Million)

3. RESERVES AND SURPLUS

		As at 31st Dec., 2012	As at 31st Dec., 2011
A) Capital Subsidy			
As per last Balance Sheet		3.00	3.00
	(A)	<u>3.00</u>	<u>3.00</u>
B) Capital Redemption Reserve			
As per last Balance Sheet		500.00	500.00
	(B)	<u>500.00</u>	<u>500.00</u>
C) General Reserve			
As per last Balance Sheet		143.85	138.85
Add: Transferred from Surplus in the Statement of Profit and Loss		-	5.00
	(C)	<u>143.85</u>	<u>143.85</u>
D) Surplus/(Deficit) in the Statement of Profit and Loss			
As per last Balance Sheet		371.07	323.59
Add: Profit/(Loss) for the year		(415.71)	52.48
Balance available for Appropriations		(44.64)	376.07
Appropriations		-	5.00
Transfer to General Reserve		(44.64)	371.07
	(D)	<u>(44.64)</u>	<u>371.07</u>
Total (A to D)		<u>602.21</u>	<u>1,017.92</u>

(' in Million)

4. LONG-TERM BORROWINGS

		As at 31st Dec., 2012		As at 31st Dec., 2011	
		Non-Current	Current	Non-Current	Current
a) Secured					
Vehicle Loan from Banks		4.04	2.22	6.26	2.00
	(a)	<u>4.04</u>	<u>2.22</u>	<u>6.26</u>	<u>2.00</u>
b) Unsecured					
From Banks					
Rupee Term Loans		-	-	2,000.00	-
Foreign Currency Loans		-	365.45	348.35	-
Sales Tax Deferral		731.38	70.84	799.35	32.30
From Others		2,400.00	-	1,000.00	-
	(b)	<u>3,131.38</u>	<u>436.29</u>	<u>4,147.70</u>	<u>32.30</u>
Total (a+b)		<u>3,135.42</u>	<u>438.51</u>	<u>4,153.96</u>	<u>34.30</u>

- 4.1 a) Vehicle Loans from Banks are secured by way of hypothecation of vehicles acquired out of the said loan.
- b) The Company has availed interest free Sales Tax Deferral under package incentive scheme of 1993. The sales tax collected during the deferral period is payable in five annual installments, after completion of ten years from the year in which the tax was collected.

(' in Million)

4.2 Maturity Profile:

	1 to 2 Years	2 to 3 Years	3 to 4 Years	4 to 5 Years
Secured Loans:				
Vehicle Loan from Banks	2.47	1.57	-	-
Unsecured Loans:				
Sales Tax Deferral	110.67	148.02	148.96	134.15
Loan from Others	-	-	-	2,400.00
	5 to 6 Years	6 to 7 Years	7 to 8 Years	8 to 9 Years
Secured Loans:				
Vehicle Loan from Banks	-	-	-	-
Unsecured Loans:				
Sales Tax Deferral	98.48	55.78	16.38	18.94
Loan from Others	-	-	-	-

TREND ELECTRONICS LIMITED

(₹ in Million)

	As at 31st Dec., 2012	As at 31st Dec., 2011
5. DEFERRED TAX LIABILITY (Net)		
a) Deferred Tax Liability Related to Depreciation on Fixed Assets and Amortisation	308.35	260.78
(a)	<u>308.35</u>	<u>260.78</u>
b) Deferred Tax Assets		
i) Expenses charged in the financial statements but allowable as deduction in future years under the Income Tax Act, 1961	4.82	4.49
ii) Carried Forward Losses	211.83	25.93
(b)	<u>216.65</u>	<u>30.42</u>
Net Deferred Tax Liability	(a-b)	<u>230.36</u>
	<u>91.70</u>	<u>230.36</u>
6. LONG-TERM PROVISIONS		
Provision for Gratuity (Refer Note No. 30B)	6.11	6.63
Provision for Leave Encashment (Refer Note No. 30B)	3.32	2.51
Total	<u>9.43</u>	<u>9.14</u>
7. SHORT-TERM BORROWINGS		
Secured		
Working Capital Loans from Banks	3,325.40	2,003.39
Total	<u>3,325.40</u>	<u>2,003.39</u>

7.1 Working Capital Loans from Banks are secured against hypothecation of the Company's stock of raw materials, packing materials, stock-in-process, finished goods, stores and spares, book debts and all other current assets of the Company and personal guarantees of Mr. Venugopal N. Dhoot and Mr. Pradipkumar N. Dhoot.

(₹ in Million)

	As at 31st Dec., 2012	As at 31st Dec., 2011
8. TRADE PAYABLES		
Micro, Small and Medium Enterprises	-	-
Others	1,878.77	2,316.91
Total	<u>1,878.77</u>	<u>2,316.91</u>
8.1 Disclosure in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act, 2006 :		
a) Principle amount remaining unpaid as at the end of the year	-	-
b) Interest due thereon as at the end of the year	-	-
c) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of payment made to the suppliers beyond the appointed day during the year	-	-
d) Interest due and payable for the period of delay in making payment	-	-
e) Interest accrued and remaining unpaid at the end of the year	-	-
f) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

Note: This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such vendors/parties have been identified on the basis of information available with the Company.

(₹ in Million)

	As at 31st Dec., 2012	As at 31st Dec., 2011
9. OTHER CURRENT LIABILITIES		
Current maturities of Long-term Borrowings (Refer Note No. 4)	438.51	34.30
Interest accrued but not due on Borrowings	9.10	34.17
Unclaimed Dividend	1.65	1.86
Other Payables	133.59	124.25
Total	<u>582.85</u>	<u>194.58</u>
10. SHORT-TERM PROVISIONS		
Provision for Income Tax (Net of Advance Tax)	-	4.59
Provision for Warranty and Maintenance Expenses (Refer Note No. 29)	28.33	20.28
Provision for Gratuity (Refer Note No. 30B)	1.66	0.38
Provision for Leave Encashment (Refer Note No. 30B)	0.80	0.62
Total	<u>30.79</u>	<u>25.87</u>

11. FIXED ASSETS

(₹ in Million)

Particulars	Gross Block			Depreciation/Amortisation/Impairment				Net Block		
	As at 31st Dec., 2011	Additions	Deductions/ Adjustments	As at 31st Dec., 2012	As at 31st Dec., 2011	For the year	Deductions/ Adjustments	As at 31st Dec., 2012	As at 31st Dec., 2012	As at 31st Dec., 2011
i) Tangible Assets										
Freehold Land	3.24	-	-	3.24	-	-	-	-	3.24	3.24
Building	243.57	-	-	243.57	110.16	6.31	-	116.47	127.10	133.41
Plant and Machinery	4,023.20	308.03	77.30	4,253.93	1,735.19	196.65	13.97	1,917.87	2,336.06	2,288.01
Electrical Installation	8.48	0.48	-	8.96	5.82	0.18	-	6.00	2.96	2.66
Computers	7.05	0.16	-	7.21	5.28	0.39	-	5.67	1.54	1.77
Furniture and Fixtures	6.43	-	-	6.43	6.03	0.06	-	6.09	0.34	0.40
Office Equipments	3.87	0.23	-	4.10	2.76	0.15	-	2.91	1.19	1.11
Vehicles	12.00	-	-	12.00	1.59	1.09	-	2.68	9.32	10.41
Total (i)	4,307.84	308.90	77.30	4,539.44	1,866.83	204.83	13.97	2,057.69	2,481.75	2,441.01
ii) Intangible Assets										
Computer Software	9.01	-	-	9.01	8.89	0.04	-	8.93	0.08	0.12
Total (ii)	9.01	-	-	9.01	8.89	0.04	-	8.93	0.08	0.12
Total (i+ii)	4,316.85	308.90	77.30	4,548.45	1,875.72	204.87	13.97	2,066.62	2,481.83	2,441.13
Previous year as at 31st Dec., 2011	3,479.12	1,080.78	243.05	4,316.85	1,752.62	186.48	63.38	1,875.72	2,441.13	
iii) Capital Work-in-Progress									-	292.73

12. NON-CURRENT INVESTMENTS

	Face Value	As at 31st Dec., 2012		As at 31st Dec., 2011	
		No. of Shares	₹ in Million	No. of Shares	₹ in Million
QUOTED					
In Equity Shares (Fully Paid-up) - Trade					
Videocon Industries Limited	₹ 10	3,106,478	202.08	3,106,478	202.08
			<u>202.08</u>		<u>202.08</u>
In Equity Shares (Fully Paid-up) - Others					
IOL Netcom Limited	₹ 10	98,000	0.47	98,000	0.71
			<u>0.47</u>		<u>0.71</u>
UNQUOTED					
In Equity Shares (Fully Paid-up) - Others					
Digital Display Devices S.p.A.	€ 1	36,000	1.96	36,000	1.96
H1 Hospitality Private Limited	₹ 10	1,900	0.02	1,900	0.02
Holzmann Videocon Engineers Limited	₹ 10	340,600	-	340,600	-
Jupiter Corporation Inc.	US\$ 1	190	0.01	190	0.01
Mars Overseas Limited	US\$ 1	190,000	7.65	190,000	7.65
PT Videocon Indonesia	US\$ 50	475	0.94	475	0.94
Plugin Sales Limited	₹ 100	1,900	0.19	1,900	0.19
Powerking Corporation Limited	US\$ 1	2,717	0.13	2,717	0.13
Quadrant Corporation Inc.	US\$ 1	190	0.01	190	0.01
Sapphire Overseas Inc.	US\$ 1	1,900	0.08	1,900	0.08
Taurus Overseas Inc.	US\$ 1	190	0.01	190	0.01
Trend Limited	US\$ 1	76,000	3.49	76,000	3.49
Tusker Overseas Inc.	US\$ 1	190	0.01	190	0.01
VCIL Netherlands B.V.	€ 100	34	0.13	34	0.13
Venus Corporation Limited	US\$ 1	2,983	0.14	2,983	0.14
Videocon (Cayman) Limited	US\$ 1	579,500	28.65	579,500	28.65
Videocon (Mauritius) Infrastructure Ventures Limited	US\$ 1	100,700	4.92	100,700	4.92
Videocon Oil Services Limited	₹ 10	9,500	0.10	9,500	0.10
Videocon SEZ Infrastructures (Pune) Private Limited	₹ 10	510,000	5.10	510,000	5.10
			<u>53.53</u>		<u>53.53</u>
In Preference Shares (Fully Paid-up)					
Plugin Sales Limited	₹ 100	3,800	0.38	3,800	0.38
			<u>0.38</u>		<u>0.38</u>
Share Application Money Pending Allotment					
Sapphire Overseas Inc.			80.58		80.58
Bharat Business Channel Limited			-		500.00
			<u>80.58</u>		<u>580.58</u>
Total Non-Current Investments			<u>337.04</u>		<u>837.28</u>
Aggregate amount of Quoted Investments			202.55		202.79
Aggregate Market value of Quoted Investments			668.06		540.93
Aggregate amount of Unquoted Investments			134.49		634.49

TREND ELECTRONICS LIMITED

		(` in Million)	
		As at 31st Dec., 2012	As at 31st Dec., 2011
13. LONG TERM LOANS AND ADVANCES			
(Unsecured, considered good)			
Capital Advances		1.22	1.21
Security Deposits		3.91	4.89
MAT Credit Entitlement		8.63	27.31
Advance Income Tax (Net of Provision)		8.85	-
Other Long Term Advances		7.56	7.38
	Total	<u>30.17</u>	<u>40.79</u>
14. INVENTORIES			
(As taken, valued and certified by the Management)			
Raw Materials including Consumables, Stores and Spares		2,930.08	2,085.71
Raw Materials in Transit and in Bonded Warehouse		87.06	356.51
Work-in-Process		358.29	145.16
Finished Goods and Stock in Trade		481.17	461.54
	Total	<u>3,856.60</u>	<u>3,048.92</u>
15. TRADE RECEIVABLES			
(Unsecured, considered good)			
Outstanding for a period exceeding six months		-	0.03
Others		2,882.81	2,879.82
	Total	<u>2,882.81</u>	<u>2,879.85</u>
16. CASH AND BANK BALANCES			
Cash and Cash Equivalents			
Cash on hand		0.28	0.66
Balances with Banks in Current Accounts		4.18	6.96
	Sub-Total	<u>4.46</u>	<u>7.62</u>
Other Bank Balances			
In Dividend Warrant Accounts		1.65	1.86
In Fixed Deposits (held as margin money)*		317.10	304.44
* [Includes Fixed Deposits of ` 108.82 Million (Previous year ` 182.28 Million) with maturity of more than 12 months]			
	Sub-Total	<u>318.75</u>	<u>306.30</u>
	Total	<u>323.21</u>	<u>313.92</u>
17. SHORT TERM LOANS AND ADVANCES			
(Unsecured, considered good)			
Balance with Central Excise/Customs Department		264.43	294.37
Other Short Term Loans and Advances		531.05	862.70
	Total	<u>795.48</u>	<u>1,157.07</u>
18. OTHER CURRENT ASSETS			
Interest Accrued		24.43	15.44
	Total	<u>24.43</u>	<u>15.44</u>
19. REVENUE FROM OPERATIONS			
		Year ended on 31st Dec., 2012	Year ended on 31st Dec., 2011
Sale of Products - Electrical and Electronic items		15,040.41	17,132.12
Other Operating Revenue		3.39	7.05
	Total	<u>15,043.80</u>	<u>17,139.17</u>
20. OTHER INCOME			
Dividend Income		1.55	3.11
Profit on Sale of Fixed Assets		19.93	65.14
Other Non Operating Income		0.21	0.24
	Total	<u>21.69</u>	<u>68.49</u>
21. COST OF MATERIALS CONSUMED			
		Year ended on 31st Dec., 2012 Percentage ` in Million	Year ended on 31st Dec., 2011 Percentage ` in Million
Imported		56.48 3,423.01	49.64 3,708.37
Indigenous		43.52 2,637.23	50.36 3,761.99
	Total	<u>100.00</u> <u>6,060.24</u>	<u>100.00</u> <u>7,470.36</u>
21.1 Particulars of Materials Consumed			
		Year ended on 31st Dec., 2012	Year ended on 31st Dec., 2011
Printed Circuit Board		1,582.60	1,806.81
Active and Passive Components		2,712.18	3,318.30
Plastic and Press Parts		1,305.64	1,681.39
Other Raw Materials and Components		459.82	663.86
	Total	<u>6,060.24</u>	<u>7,470.36</u>

(` in Million)

	Year ended on 31st Dec., 2012	Year ended on 31st Dec., 2011
22. PURCHASES OF STOCK-IN-TRADE		
Electrical and Electronic items	7,750.78	7,967.27
Total	7,750.78	7,967.27
23. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE		
Closing Inventories		
Finished Goods and Stock-in-Trade	481.17	461.54
Work-in-Process	358.29	145.16
Sub-Total	839.46	606.70
Opening Inventories		
Finished Goods and Stock-in-Trade	461.54	168.93
Work-in-Process	145.16	275.49
Sub-Total	606.70	444.42
Total	(232.76)	(162.28)
24. EMPLOYEE BENEFITS EXPENSE		
Salary, Wages and Other Benefits	129.80	125.24
Contribution to Provident Fund and Other Funds	8.03	8.01
Staff Welfare Expenses	6.22	6.20
Total	144.05	139.45
25. FINANCE COSTS		
Interest Expenses	765.75	678.49
Less: Interest Received	27.78	57.86
	737.97	620.63
26. OTHER EXPENSES		
Power, Fuel and Water	17.58	16.02
Repairs to Building	0.20	0.63
Repairs to Plant and Machinery	5.42	5.32
Other Repairs and Maintenance	1.84	0.77
Insurance	4.94	3.85
Rent, Rates and Taxes	6.78	2.28
Carriage and Cartage	69.50	58.41
Bank Charges	75.36	75.50
Payment to Auditors (Refer Note No. 28.4)	0.87	0.82
Directors' Sitting Fees	0.10	0.09
Warranty and Maintenance	36.30	31.78
Exchange Rate Fluctuation	131.63	86.32
Diminution in Value of Investments (refer Note No. 28.1)	0.24	0.47
Miscellaneous Expenses	60.14	87.57
Total	410.90	369.83

	Year ended on 31st Dec., 2012	Year ended on 31st Dec., 2011
27. EARNINGS PER SHARE		
i) Net Profit/(Loss) attributable to Equity Shareholders (` in Million)	(415.71)	52.48
ii) Weighted Average Number of Equity Shares	7,500,000	7,500,000
iii) Basic and Diluted Earnings per Share of ` 10/- each	(55.43)	7.00

28. ADDITIONAL NOTES TO STATEMENT OF PROFIT AND LOSS

28.1 As per the accounting policy followed by the Company, the quoted investments are stated at cost or market value whichever is lower i.e. they have been marked to market and the decline in the value of investment other than temporary, is provided for. Accordingly, during the year, there is a charge of ` 0.24 Million (Previous year ` 0.47 Million) towards the diminution in the value of quoted investments.

	Year ended on 31st Dec., 2012	Year ended on 31st Dec., 2011
28.2 C.I.F. Value of Imports and Expenditure in Foreign Currency		
C.I.F. Value of Imports:		
Raw Materials	2,953.41	3,493.48
Capital Goods	1.17	16.26
Expenditure incurred in Foreign Currency:		
Interest	81.14	52.62
Bank Charges	0.25	0.25
Travelling	0.09	-
Others	2.40	2.28

(` in Million)

28.3 Remittance in Foreign Currency on account of Dividend

The Company has paid dividend in respect of shares held by Non-Residents on repatriation basis where the amount is also credited to Non-Resident External Account (NRE A/c). The exact amount of dividend remitted in foreign currency can not be ascertained. The total amount remittable in this respect is given below:

- Number of Non-Resident Shareholders
- Number of Equity Shares held by them
- Gross Amount of Dividend (` in Million)
- Year to which dividend relates

Year ended on 31st Dec., 2012	Year ended on 31st Dec., 2011
868	890
527,414	538,901
-	0.54
FY 2010-11	FY 2009-10

(` in Million)

28.4 Payment to Auditors

- Statutory Audit Fees
- Tax Audit Fees
- Other Services
- Reimbursement of Expenses

Year ended on 31st Dec., 2012	Year ended on 31st Dec., 2011
0.60	0.55
0.05	0.05
0.20	0.20
0.02	0.02
Total	0.82

29. As required by Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets" issued by the Institute of Chartered Accountants of India, the disclosure with respect to Provision for Warranty and Maintenance Expenses is as follows:

(` in Million)

	Year ended on 31st Dec., 2012	Year ended on 31st Dec., 2011
a) Amount at the beginning of the year	20.28	19.28
b) Additional provision made during the year	28.33	20.28
c) Amount used	19.20	18.83
d) Unused amount reversed during the year	1.08	0.45
e) Amount at the end of the year	28.33	20.28

30. EMPLOYEE BENEFITS**Disclosure pursuant to Accounting Standard (AS) 15 (Revised):****A) Defined Contribution Plans:**

Amount of ` 8.03 Million (Previous year ` 8.01 Million) is recognised as an expense and shown under the head "Employee Benefits Expense" (Note No. 24) in the Statement of Profit and Loss.

(` in Million)

(B) Defined Benefit Plans:

	Gratuity		Leave Encashment	
	31st Dec., 2012	31st Dec., 2011	31st Dec., 2012	31st Dec., 2011
I) The amounts recognised in the Balance Sheet as at the end of the year:				
a) Present value of Defined Benefit Obligation	14.63	12.63	4.12	3.13
b) Fair value of Plan Assets	6.86	5.62	-	-
c) Funded Status - Surplus/(Deficit)	(7.77)	(7.01)	(4.12)	(3.13)
d) Net Assets/(Liability)				
i) Non Current	(6.11)	(6.63)	(3.32)	(2.51)
ii) Current	(1.66)	(0.38)	(0.80)	(0.62)
II) The amounts recognised in the Statement of Profit and Loss for the year:				
a) Current Service Cost	1.00	0.95	0.64	0.45
b) Interest Cost	1.08	0.96	0.27	0.22
c) Actuarial (Gains)/Losses	0.36	(0.85)	0.37	0.61
d) Actual return on Plan Assets	0.46	0.47	-	-
e) Total Expenses	1.98	0.59	1.28	1.28
III) The changes in Obligations during the year:				
a) Present value of Defined Benefit Obligation at the beginning of the year	12.63	12.41	3.13	3.24
b) Current Service Cost	1.00	0.95	0.64	0.45
c) Interest Cost	1.08	0.96	0.27	0.22
d) Actuarial (Gains)/Losses	0.36	(0.85)	0.37	0.61
e) Benefit Payments	0.44	0.84	0.29	1.39
f) Present value of Defined Benefit Obligation at the end of the year	14.63	12.63	4.12	3.13
IV) The changes in Plan Assets during the year:				
a) Plan Assets at the beginning of the year	5.62	4.87	-	-
b) Contribution by Employer	1.22	1.12	-	-
c) Actual Benefits paid	0.44	0.84	-	-
d) Plan Assets at the end of the year	6.86	5.62	-	-
e) Actual return on Plan Assets.	0.46	0.47	-	-
V) Actuarial Assumptions				
a) Discount Rate	8% per annum			
b) Mortality	LIC (1994-96) Ultimate			
c) Turnover Rate	3% at younger ages reducing to 1% at older ages			
d) Future Salary Increase	5% per annum			

31. RELATED PARTY DISCLOSURES

As required under Accounting Standard 18 on "Related Party Disclosures", the disclosure of transaction with related parties as defined in the Accounting Standard are given below :

A) List of Related Parties where control exists and related parties with whom transactions have taken place and relationship: Key Management Personnel:

Mr. J. L. Bangad - Head Operations

B) Material Transactions with Related Parties during the year are:

Remuneration paid to the Key Management Personnel - ` 3.15 Million (Previous year ` 2.93 Million)

(` in Million)

32. CONTINGENT LIABILITIES AND COMMITMENTS**A) Contingent Liabilities not provided for:**

	As at 31st Dec., 2012	As at 31st Dec., 2011
i) Letters of Credit opened	788.88	758.92
ii) Letters of Guarantees	11.00	56.42
iii) Claims against the Company not acknowledged as debts		
a) Custom Duty demands and penalties under dispute	8.09	8.09
b) Excise Duty demands and penalties under dispute	4.26	4.26
c) Service Tax demands and penalties under dispute	8.04	8.04
d) Sales Tax demands and penalties under dispute	95.82	95.78

[Amount paid under protest ` 7.17 Million (Previous year ` 7.15 Million)]

B) Commitments

Estimated amount of contract remaining to be executed on capital account and not provided for. (net of advances)	1.89	2.36
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33. The Company is a Co-guarantor in respect of borrowings of group companies. The aggregate amount of said guarantees, extended alongwith 8 other Co-guarantors are ` 5,240.20 Million (Previous year ` 8,311.10 Million). The said guarantees are extended on the basis of support in the form of undertaking provided by certain other Group Companies to the extent of the amount of the guarantees.
34. The Company is a Co-obligor in respect of the financial assistance sanctioned to Videocon Industries Limited and its group companies including the Company. As on 31st December, 2012, the outstanding balance of such assistance granted to Videocon Industries Limited is ` 185,880.61 Million. The same is secured by subservient charge on entire movable fixed assets and current assets of Videocon Industries Limited and its group companies including the Company, both present and future. The loan is also secured by personal guarantees of Shri Venugopal N. Dhoot, Shri Rajkumar N. Dhoot and Shri Pradipkumar N. Dhoot and first pari-passu charge on "Videocon" Brand.
35. The Company is primarily engaged in manufacturing and trading of Electrical and Electronic Appliances and there is no other reportable segment as defined in Accounting Standard 17 on "Segment Reporting".
36. The outstanding balances of certain Trade Receivables, Trade Payables, Deposits, Advances and Other Current Assets/ Liabilities are subject to confirmation and reconciliation, if any. However, in the opinion of the management, adjustment, if any, will not be material.
37. In the opinion of the Board, the value on realisation of Current Assets, Loans and Advances in the ordinary course of the business would not be less than the amount at which they are stated in the Balance Sheet and the provision for all known and determined liabilities is adequate and not in excess of the amount reasonably required.
38. There are no amounts due and outstanding, to be credited to the Investor Education and Protection Fund.
39. These financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act, 1956. Figures of previous year have been reclassified, restated, recasted to conform to the classification of the current year.

As per our report of even date

For KHANDELWAL JAIN & CO.
Chartered Accountants

SHIVRATAN AGARWAL
Partner
Membership No. 104180

Place : Mumbai
Date : 28th February, 2013

For KADAM & CO.
Chartered Accountants

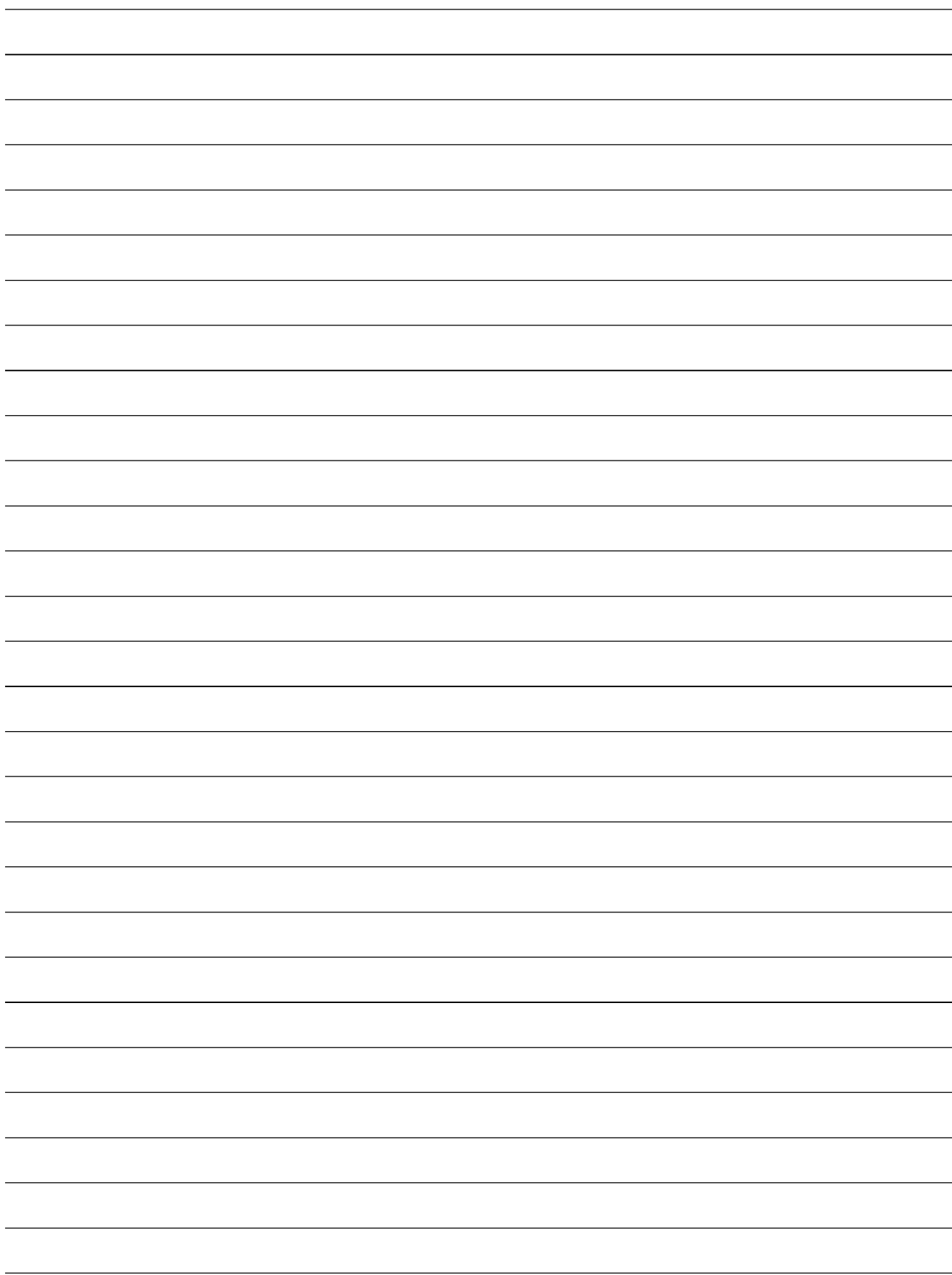
U. S. KADAM
Partner
Membership No. 31055

For and on behalf of the Board

VIVEK D. DHARM
Director

BHOPINDER J. CHOPRA
Director

KANCHAN A. KAKADE
Company Secretary



PROXY FORM
TREND ELECTRONICS LIMITED

Regd. office: 20 K.M. Stone, Aurangabad-Beed Road, Village: Bhalgaon, Aurangabad - 431 210 (Maharashtra)

Regd. Folio No./Client ID No. & DP ID No. No. of Shares held

I/We..... of

..... in the district of
.....being a member / members of the above- named
Company hereby appoint of
..... in the district of or failing him
..... of in the district of
..... as my/our proxy to vote for me/us on my/our behalf at the
23rd ANNUAL GENERAL MEETING of the Company to be held on Thursday, 27th June, 2013 at 1.00 p.m. at the
Registered Office of the Company at 20 K.M. Stone, Aurangabad-Beed Road, Village: Bhalgaon, Aurangabad - 431 210
(Maharashtra) and at any adjournment thereof.

Signed this..... day of 2013.

Affix `1/- Revenue Stamp

Note: This form, duly completed and signed, should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

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ATTENDANCE SLIP
TREND ELECTRONICS LIMITED

Regd. office: 20 K.M. Stone, Aurangabad-Beed Road, Village: Bhalgaon, Aurangabad - 431 210 (Maharashtra)

Regd. Folio No./Client ID No. & DP ID No. No. of Shares held.....

I certify that I am a registered Shareholder/Proxy for the registered Shareholder of the Company.

I hereby record my presence at the 23rd ANNUAL GENERAL MEETING of the Company held on Thursday, 27th June, 2013 at 1.00 p.m. at the Registered Office of the Company at 20 K.M. Stone, Aurangabad-Beed Road, Village: Bhalgaon, Aurangabad - 431 210 (Maharashtra).

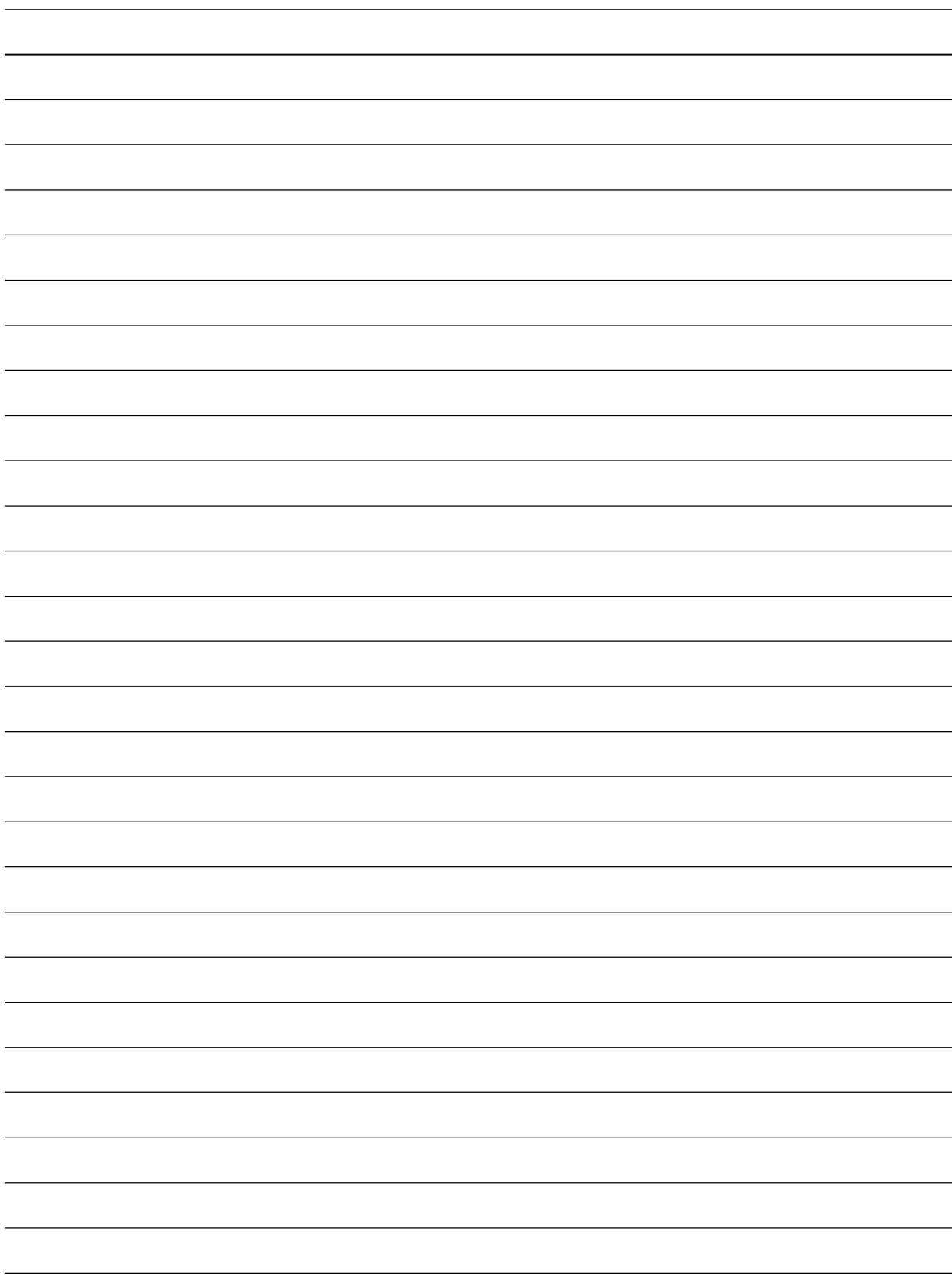
Member's / Proxy's Name in Block Letters

Member's / Proxy's Signature

Note: Please fill in this attendance slip and hand it over at the ENTRANCE OF THE HALL.

Please read errata for typesetting matter.

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GREEN INITIATIVE

Ministry of Corporate Affairs (“MCA”) has launched a “Green Initiative in Corporate Governance” by allowing paperless compliances by the companies. MCA has issued circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011, respectively, allowing companies to send official documents to their shareholders in electronic mode.

Keeping in view the underlying theme and the circular(s) issued by MCA, the Company proposes to send Notices of General Meeting(s), Financial Statements, Annual Reports and other shareholders’ communications in electronic mode. This will be sent to the shareholders’ e-mail address(es) provided by the depositories and registered with the Company.

E-mail Communications to the shareholders will result in multiple benefits as under:

- Timely receipt of all communications without any transit loss.
- Helping in protecting environment and conservation of resources.
- Easy storage in soft copy, thereby eliminating the requirement of storage of bulky documents for subsequent reference.

The Company will simultaneously display full text of the Annual Report and other shareholders’ communications on its website www.trendelectronics.in, as soon as the same is e-mailed to the shareholders and will also be made available for inspection at the Registered Office of the Company during the office hours.

Members who hold shares in physical form and desire to receive the documents in electronic mode are requested to provide their details (name, folio no., e-mail id) on the Company’s e-mail address viz. secretarial_trend@videoconmail.com. Members who hold shares in electronic form are requested to get their details updated with the respective depositories.

The shareholders of the Company, receiving the documents in electronic mode, will be entitled to be furnished, free of cost, a printed copy of the Annual Report and other shareholders’ communications of the Company, upon receipt of a requisition from shareholder, at any time.



BOOK-POST

If undelivered, please return to:

MCS Limited

Unit: Trend Electronics Limited

Kashiram Jamnadas Building, Office No. 21/22, Ground Floor,
5, P.D'mello Road (Ghadiy al Godi), Masjid (East), Mumbai 400 009.

TREND ELECTRONICS LIMITED



FORM A

Letter of the annual audit report of Trend Electronics Limited to be filed with the Stock Exchange

1.	Name of the company	Trend Electronics Limited	
2.	Annual financial statements for the year ended	31 st December, 2012	
3.	Type of Audit observation	The Report is unqualified.	
4.	Frequency of observation	N.A.	
5.	To be signed by-		
	CEO/Managing Director	 HEAD OPERATIONS	
	CFO	 HEAD FINANCE	
	Auditor of the Company	For Kadam & Co. Chartered Accountants  U. S. Kadam Partner Mem. No. 31055	For Khandelwal Jain & Co. Chartered Accountants  Shivratn Agarwal Partner Mem No. 104180
	Audit Committee Chairman		